

S
353
G/e
1990-
1991

STATE DOCUMENTS COLLECTION

JAN 4 1989

MONTANA STATE LIBRARY
1515 E 6TH AVE
HELENA, MONTANA 59620



THE STATE OF MONTANA

Governor's Executive Budget

PLEASE RETURN

FISCAL YEARS 1990-1991

A handwritten signature in cursive script, reading "Ted Schwinden".

TED SCHWINDEN, GOVERNOR

APR 19 1989

AUG 30 1989

DEC 27 1989

MONTANA STATE LIBRARY



3 0864 0010 1688 3



State of Montana
Office of the Governor
Helena, Montana 59620
406-444-3111

TED SCHWINDEN
GOVERNOR

December 1, 1988

MEMBERS OF THE FIFTY-FIRST LEGISLATIVE ASSEMBLY:

In accordance with Article VI, Section 9, of the Constitution of Montana, I am pleased to transmit to you the 1990-91 biennial Executive Budget recommendations.

Respectfully submitted,

A handwritten signature in black ink, reading "Ted Schwinden", is written over the printed name.

TED SCHWINDEN
Governor

Digitized by the Internet Archive
in 2010 with funding from
Montana State Library

<http://www.archive.org/details/governorsexecuti19901991mont>

TABLE OF CONTENTS

BUDGET HIGHLIGHTS.....	S-1
GENERAL FUND SUMMARY.....	S-4
GENERAL FUND REVENUE AND EXPENDITURE GROWTH	S-6
REVENUE ESTIMATES	S-11
COMPARISON OF FULL-TIME EQUIVALENT (FTE) POSITIONS BY AGENCY	S-18
EXPENDITURE LIMITATION	S-20
PAY PLAN.....	S-21
SCHOOL FOUNDATION PROGRAM.....	S-29
SUPPLEMENTAL REQUESTS.....	S-36
ACCOUNTING ENTITY UNOBLIGATED BALANCES.....	S-38
CAPITAL IMPROVEMENT PROJECTS	
Resource Indemnity Trust Fund	S-39
Reclamation and Development Grants	S-41
Water Development and Renewable Resource Development	S-42
Cultural and Aesthetic Grant Program	S-43
Long Range Building Program (LRBP)	S-45
Oil Overcharge.....	S-50
TRUST FUNDS AND BALANCES.....	S-52
BUDGET PARAMETERS.....	S-53
Personal Services and Benefits.....	S-53
Inflation Factors.....	S-53
Proprietary Account Rates.....	S-53
Other Adjustments.....	S-54
GRADE CHANGE REPORT.....	S-55
BUDGET SUMMARY BY FUND	S-58
BUDGET SUMMARY BY AGENCY	S-64
BUDGET SUMMARY BY OBJECT CODE	S-81
AGENCY/PROGRAM BUDGETS AND NARRATIVES.....	1

OFFICE OF BUDGET AND PROGRAM PLANNING
STAFF

DAVID HUNTER, BUDGET DIRECTOR
ROD SUNDSTED, ASSISTANT BUDGET DIRECTOR

DOUG BOOKER
LEAD BUDGET ANALYST

KAREN BEAUSOLEIL

6107 Long Range Building
5102 Commissioner of Higher Education
5103 University of Montana
5104 Montana State University
5105 Montana College of Mineral Science
5106 Eastern Montana College
5107 Northern Montana College
5108 Western Montana College
5109 Agricultural Experiment Station
5110 Cooperative Extension Service
5111 Forestry & Conservation Experiment Station
5118 Board of Regents Higher Education

JANE HAMMAN

4201 Public Service Regulation
5201 Fish, Wildlife & Parks
5501 State Lands
5603 Livestock
5706 Natural Resources and Conservation
6201 Agriculture
6501 Commerce

GEORGE HARRIS

5114 Montana Arts Council
5115 Montana State Library
5117 Montana Historical Society
5401 Highways
6401 Institutions
6402 Montana Developmental Center
6404 Center For The Aged
6405 Eastmont Human Services Center
6409 Montana State Prison
6410 Swan River Youth Forest Camp
6411 Montana Veterans' Home
6412 Montana State Hospital
6413 Board of Pardons

JOHN HUTH

5301 Health and Environmental Sciences
6602 Employment Security
6603 Workers' Compensation

FLORINE SMITH

1101 Legislative Auditor
1102 Legislative Fiscal Analyst
1104 Legislative Council
1109 Senate Legislative Assembly
1110 House Legislative Assembly
1111 Environmental Quality Council
1112 Consumer Counsel
2110 Judiciary
3101 Governor's Office
3201 Secretary of State
3202 Commissioner of Political Practices
3401 State Auditor
4107 Board of Crime Control
4108 Highway Traffic Safety
4110 Justice
6101 Administration
6104 Public Employee's Retirement
6105 Teachers Retirement
6701 Military Affairs

LOIS STEINBECK

6901 Social and Rehabilitation Services
6911 Family Services

MICHAEL WALSH

5801 Revenue

OFFICE OF BUDGET AND PROGRAM PLANNING
STAFF

JOSEPH WILLIAMS	3501	Superintendent of Public Instruction
	3511	Billings Vo- Tech
	3512	Butte Vo-Tech
	3513	Great Falls Vo-Tech
	3514	Helena Vo-Tech
	3515	Missoula Vo-Tech
	5101	Board of Public Education
	5113	School for Deaf and Blind
	5116	Montana Advisory Council for Vo-Ed
	5119	Fire Services

TERRY JOHNSON, BUREAU CHIEF
DATA PROCESSING SYSTEMS & STATISTICS

MARY McCULLOUGH, Systems Analyst
MIKE WALSH, Administrative Officer
HELEN KITTEL, Executive Budget Assistant
MARY LaFOND, Administrative Assistant,
Word Processing Supervisor
TERRI BYNUM, Administrative Clerk III
KAY POPE, Administrative Clerk III

PRUDENT DECISIONS PAY OFF

As a result of "holding the line" on budget increases for the past three years, the 1989 legislature does not face the \$100 million annual shortfall that confronted legislators during the June 1986 special session or the \$100 million biennial "gap" between revenue and expenditures that faced legislators in January 1987. Rather, the Executive Budget for FY90-91 recommends a budget that is balanced without the necessity for a tax increase, one that requires less than one-half the fund transfers needed over the last three years, and which allows for increased spending for human services, education, and state institutions. It provides for an increase in state employees' pay to be funded by improved efficiency in state agencies.

SURTAX REMOVED

The Executive Budget recommends that the 10% income tax surcharge be allowed to expire at the end of 1988. This surcharge was imposed on a temporary two-year basis to deal with the revenue shortfalls the 1987 Legislature faced. Now that prudent budget decisions, an improving economy, and increased state revenues have helped move expenditures and revenues closer together, it is time to remove this temporary tax.

A BALANCED BUDGET - CLEAR PRIORITIES

Overall, the Executive Budget for FY90-91 proposes spending \$1.281 million less in general fund for agency budgets than we are spending this biennium. It would ensure a prudent ending fund balance of \$16.675 million. However, it recommends increased spending for important "people" programs. In each year of the biennium the budget contains funding for a 2% increase in state support for the foundation program, a 2% increase for state employees, and a 2% increase in the rate paid to those who provide services to Montanans using state social and medical programs.

These increases are possible because of good management. The budget proposes a 9.72% increase in general fund spending for education, a 6.79% increase for human services, and a 2.18% increase for state institutions. The expenditures for other agencies are reduced by 10.56%. The 2% state employee pay raise is possible because state managers have found ways to do their work more efficiently.

Authorized FTEs have decreased by 464 since Governor Schwinden took office in 1981. The decrease in state employees per capita is more dramatic, from 18.49 state employees per thousand Montana residents in 1981 to 17.33 in 1989. This budget would continue the trend by reducing FTEs by an additional 145 from the FY89 authorized level.

As we progress toward bringing revenues and expenditures in line, we must continue a modest level of fund transfers. The recommended total for FY90-91—\$37.6 million—is substantially less than the \$100 million that is being transferred this biennium. By the end of next biennium, further fund transfers should be unnecessary.

The budget also continues the practice adopted in FY87-FY89 of slowing our rate of savings. The budget recommends that 100% of the interest earned on the coal tax trust will be used for ongoing expenses of government for the next two years. (The budget proposes no change in the allocation of coal tax revenue to the permanent trust—50% of all coal tax revenue will continue to be deposited into the trust.) Beginning in FY92, 15% of the interest will be deposited in the trust.

The Executive Budget recommends eliminating the earmarked coal tax for the Coal Board/Local Impact Program,

and supporting the program at a reduced level with a general fund appropriation. This program was established in 1975 when experts predicted that coal production would exceed 50 million tons per year and there would be 21 coal fired generators within our borders by 1985. Today, with no new mines or generator plants on the horizon and local infrastructure needs in the area largely met, priorities have changed. The budget recommends reducing the Coal Board staff from 2.5 to 1 FTE and funding to \$375,000 per year for problems that may arise in the impact area during the next biennium. The coal tax funds freed by this decision will be placed in the School Foundation Program, benefitting students throughout the state. However, the budget recommends keeping the Coal Board Program in place, so that it can respond to future impacts when significant coal development once again occurs.

SCHOOL FOUNDATION PROGRAM

The budget proposes providing \$51.5 million to the School Foundation Program. Primarily because of declining statewide taxable value, the Foundation Program requires \$34.754 million in additional general fund to maintain the current foundation schedules. The 2% annual increase recommended in this budget requires an additional \$16.745 million. In order to help fund this single largest increase in general fund spending, the remaining balance in the Education Trust, \$9.575 million, is transferred to the School Foundation Program in FY91. In addition, the budget recommends utilizing the coal tax funds that would have been deposited to the Education Trust and the Park Acquisition Trust and the funds earmarked for the Coal Board to help fund the Foundation Program. These recommendations provide the Foundation Program with \$25.493 million of additional coal tax funds over the biennium. The remainder of the needed \$51.5 million is provided with a \$25.306 million general fund appropriation and \$0.7 million of additional earmarked revenues.

BUDGET INITIATIVES

The Executive Budget proposes important new budget initiatives in key areas:

—Montana Conservation Corps The budget proposes an innovative new program that will assist in the protection, conservation, and improvement of Montana's parks while providing valuable work experience for unemployed or economically disadvantaged youth and adults. In cooperation with the Departments of Labor and Industry and Social and Rehabilitation Services, the Department of Fish, Wildlife and Parks the budget proposes to spend \$595,465 during the next biennium for a year-round adult corps unit and a summer youth corp unit. Participants in the program will assist in priority projects such as erosion control, weed control, trail and landscape improvement, and site maintenance. To be eligible for the program, individuals must be economically disadvantaged, seeking employment through the Job Service (or the Human Resource Development councils for summer employment), and be physically and mentally capable of performing labor-intensive outdoor work.

—Corrections Programs Based on the recommendations of the Criminal Justice Advisory Council's year-long study, the budget proposes appropriating \$425,876 during the biennium to the Department of Institutions for expansion of the intensive supervision program. This will allow district courts to place in community-based intensive supervision programs 75 prisoners who would have otherwise been sentenced to Montana State Prison. This type of program, which is prov-

ing successful in many other states, is a cost-effective way of reducing prison populations and rehabilitating offenders. The budget also includes \$215,712 over the biennium for expansion of the sex offender treatment program at the prison. Sex offenders comprise a growing segment of the prison population, and existing programs cannot provide treatment to all those who need it. Lastly, the budget proposes \$1.184 million for construction of a new housing unit at the prison. The current facilities, built to house 744 prisoners, now house 990 prisoners. The Department of Institutions estimates that prison population will grow to 1,040 in FY90 and to 1,077 in FY91. Additional capacity is needed to house these prisoners. To keep costs down and provide work experience to prisoners, the prison addition would be constructed with inmate labor.

—Active Treatment at the Montana Developmental Center The budget proposes the addition of 18.5 new FTEs at the Boulder Montana Developmental Center to enhance the active treatment program for residents and to ensure the state maintains medicaid certification.

—Day Care The budget proposes the addition of \$125,000 per year of general fund to the Department of Family Services to help develop day care resources in the state and ensure that existing day care centers meet federal licensing standards. The federal welfare reform act will require the state to take a more active role in day care and these funds will ensure that the state is prepared to meet the new federal mandates.

—Foster Care The budget includes \$735,752 for the biennium to allow the Department of Family Services to develop additional community programs to help troubled youth. The programs will provide needed services to keep children in their homes, rather than moving them into foster homes. Services will be added based on consultation with local advisory councils.

—Obstetric Care in Rural Areas Recognizing the serious problem of ensuring adequate obstetrical care in rural areas, the budget proposes a two-pronged approach. Based on the recommendations of the Governor's Obstetrical Services Availability Council, the budget proposes increased medicaid reimbursement for delivery of babies. It includes a 2% provider rate increase, which SRS will be authorized to allocate among provider rates based on need. In addition, the budget proposes an additional \$100,000 for the biennium be appropriated to SRS for targeted reimbursement increases for medicaid deliveries. Second, the budget proposes expanding prenatal education and medicaid coverage for expectant mothers. In accordance with the federal Catastrophic Care Act, the budget proposes \$5.9 million for the biennium (\$1.7 million in general fund) for medicaid coverage of children under one year of age and pregnant women whose income is less than the poverty level. The budget also includes \$65,000 per year of general fund to expand the Department of Health and Environmental Science's prenatal education programs and \$50,000 per year additional general fund for Family Planning prenatal counseling.

—Priorities for People (PFP) This innovative program, which won an award from the American Public Welfare Association in 1988, invites consumers and providers of human services to review the human service budgets and make recommendations to the Governor on priorities for increased expenditures and for reductions in services. This year, the program was expanded to include human service programs in five agencies—SRS, DHES, DFS, Institutions, and Labor. The 35 members of the PFP team met for seventeen days, held informational hearings in seven cities, and submitted a comprehensive recommendation to the Gover-

nor. This budget includes 8 of the top 11 PFP recommendations for increases in services.

—Gaming Commission Based on the intensive study made by the Gaming Advisory Council, the budget proposes a Montana State Gaming Commission that will regulate all forms of gambling except the state lottery and horse racing. The Commission would have 3 new FTEs, with gambling enforcement provided by the Investigation Division of the Department of Revenue. The cost of this new program would be paid for by fees and taxes collected from gambling.

—Science and Technology Alliance The Executive Budget for FY88-89 recommended—and the 1987 legislature adopted—a \$15 million bonding program, backed by the permanent coal tax trust fund, to expand this important economic development program. Earlier this year, the Montana Supreme Court held the bonding program to be unconstitutional. This budget recommends a \$2 million appropriation from the Coal Tax Permanent Trust for the Science and Technology Alliance. This meets the objections raised in the Supreme Court decision and ensures that this important program will have funds to invest in Montana's high technology businesses.

—Fire Protection This budget proposes including the remaining 10 counties in the state-county cooperative fire control agreement over the next three biennia. During the 1991 biennium, Deer Lodge, Flathead, and Ravalli counties will be added at a cost of \$130,000 of general fund. In addition, the budget proposes that the state assume fire fighting responsibility for "Block 4." This requires that we add \$398,522 of general fund and 12.25 FTEs.

—Rest Area Maintenance To improve maintenance at Montana's six major rest areas and to enhance our tourism efforts, 9.6 FTEs will be added to the Department of Highway's budget for the biennium.

FEDERAL MANDATES

The federal government has passed legislation in several areas—welfare reform, nursing home care, AIDS prevention, catastrophic health care, national defense, and remediation of leaking underground storage tanks and superfund sites—that impose new duties on the state. In some cases, adequate federal funding came with the federal mandate; in other cases—welfare reform, and nursing home regulation, in particular—it did not. As a result of these federal mandates, an additional \$6,743,401 in general funds are included in the budget.

—Catastrophic Health Care The Catastrophic Care Act expands medicaid coverage. The estimated general fund cost for the biennium is \$3,568,309. Pregnant women and women with children under one year old, with incomes less than 100% of the federally established poverty level, are now eligible to receive medicaid.

The state must also expand eligibility for payment of medicaid insurance premiums, known as medicare part B premiums. The state now pays such premiums for medically needy individuals, but now must extend coverage to all persons eligible for medicare, whose incomes are below 100% of the federally established poverty level.

The act also establishes resource limits for spouses of individuals in nursing homes. Those provisions will increase the cost of medicaid by reducing the amount spouses are now required to pay.

—OBRA The Omnibus Budget Reconciliation Act mandates new requirements for all nursing homes and requires new

regulatory functions for state government as a condition for maintaining medicaid funding. The budget proposes \$1,571,244 of general fund for the biennium to meet the new requirements. DHES will have new responsibilities for maintaining a registry of nurse's aides, inspecting doctors labs, and increasing the level of inspection of nursing homes. The Department of Institutions will have to comply with the requirement to provide a minimum of 75 hours of training to all nurse's aides. SRS's medicaid reimbursement must increase to cover the additional costs private nursing homes incur as a result of the new training requirements.

—**Federal Welfare Reform** Federal welfare reform mandates additional medicaid coverage and new day care benefits for AFDC recipients. Job training requirements have been added which will be handled by the Department of Labor. While there are some anticipated savings from reductions in AFDC caseload, the increased costs of one year of additional medicaid coverage for those recipients finding work and up to a year of additional child care increase the state's net general fund cost by \$1,156,929. The new work program will cost an additional \$446,919 of general fund for the biennium.

The state will also have expanded child support enforcement responsibilities. The budget proposes a \$92,700 supplemental in FY89 and the addition of two FTEs in the 1991 biennium to meet the new requirements.

—**National Defense.** During the next three years, the federal government will increase the number of National Guard personnel in Montana by 800 and provide associated new equipment and new buildings. In order to provide state match for this expansion, the budget proposes \$139,900 in general fund each year.

—**AIDS Prevention** To meet our expanded responsibilities under federal law for AIDS education and testing, DHES would receive 6 additional FTEs and \$1,273,497 additional spending authority for federal funds in the budget proposal.

—**Superfund Remedial Investigations/Feasibility Studies** During the 1990-91 biennium, there will be \$4.9 million of federal funds available to continue the superfund efforts in Montana. The budget authorizes expenditure of these funds, as well as the addition of 14 new FTEs.

—**Leaking Underground Storage Tanks** The program is designed to take remedial action on leaking underground storage tanks where there is no identifiable responsible party or the responsible party is insolvent. The federal funds must be matched 90/10 with state funds. The budget proposes using Resource Indemnity Trust funds already earmarked to DHES for the state match. The budget includes \$1,478,102 total funds for the biennium and 5.5 FTEs to implement the program.

TAX REFORM

Included within the budget is a revenue-neutral tax reform package that makes Montana taxes simpler and

fairer and makes Montana more competitive in attracting jobs and industry to this state. This proposal has three major elements:

—**Income Tax Reform** The proposal lowers the top marginal tax rate from 11%—which is the highest marginal rate in the country—to 8%. The proposal also broadens and simplifies the tax structure, so that most taxpayers will be able to file a simple, single-page form instead of the numerous forms required under current law. In order to increase tax equity and make the proposal revenue-neutral, the deduction for federal income taxes is limited.

—**Personal Property Taxes Eliminated** The proposal eliminates nearly all personal property taxes, removing a tax that discourages business expansion and new investment in the state. Because assessment of personal property taxes is also very labor-intensive, elimination of most personal property taxes allows a reduction of 52.2 FTEs in the Department of Revenue in FY91 and a biennial general fund savings of \$1,195,594. The revenue lost from elimination of these taxes is generated by a replacement tax placed on associated real property.

—**Nuisance Taxes Repealed** Several taxes currently imposed under state law—such as the store license tax—cost more to administer than they produce in revenue. In addition, such taxes burden Montana taxpayers with more paperwork. This proposal will repeal these “nuisance taxes.” The revenue reduction from the repeal of nuisance taxes is only \$306,000 per year.

SCHOOL FUNDING PROPOSAL

One of the major issues facing the 1989 legislature is equitable funding of Montana's primary and secondary education systems. Earlier this year, a district court held that Montana's current public school financing system violates Montana's constitution because it denies students both equal protection of the laws and equality of educational opportunity. The decision gave the Montana legislature until October 1, 1989, to correct these deficiencies. This decision is currently being appealed to the Montana Supreme Court. A decision is not expected until the 1989 legislative session is underway.

At the Governor's request, the Public School Financing Advisory Council prepared a proposal for the consideration of the 1989 Legislature. The proposal simplifies school finances by consolidating seventeen separate statutory accounts into two, a general fund and a capital improvement fund. The proposal equalizes 85% of school expenditures and places an expenditure limit on per student expenditures. Local voted levies would be eliminated in 50% of all school districts and limited by the expenditure cap in the rest. Funding would be equalized through a 140 mill statewide levy. The Foundation Program payments would be increased to 216% of the current schedules to equalize funding. Further details on this proposal are published in the separate report of the Council.

Current Law Budget Status

(In Millions)

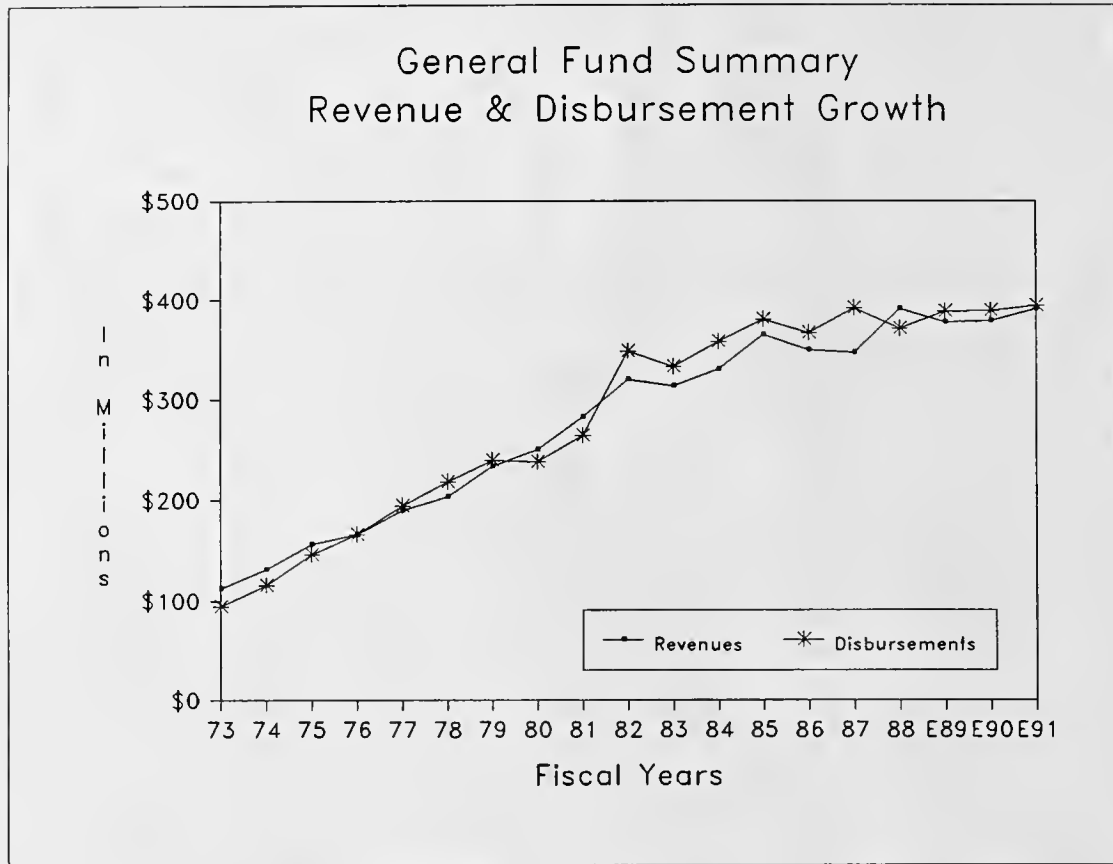
	Actual FY 88	Estimate FY 89	Estimate FY 90	Estimate FY 91	Estimate FY 90-91
Beginning Fund Balance	\$10.557	\$39.472	\$29.804	\$18.221	\$29.804
Receipts					
Estimated Receipts	\$391.152	\$377.357	\$369.008	\$380.150	\$749.158
Total Available	\$401.709	\$416.829	\$398.812	\$398.371	\$778.962
Disbursements					
Current Level Disbursements	\$370.795	\$362.752	\$359.324	\$360.696	\$720.020
Foundation Program at 0/0	0.000	0.000	16.710	18.044	34.754
Modified Level Disbursements		0.000	0.000	0.000	0.000
Legislative Feed Bill		4.400		4.400	4.400
Miscellaneous Appropriations		0.382			
Pay Plan Proposal		0.000	0.000	0.000	0.000
Supplemental Requests		15.800			
Disaster		0.000	0.000	0.000	0.000
Trans Interest		0.000	0.000	0.000	0.000
Debt Service		11.088	11.057	10.984	22.041
Language Appropriations		0.302			
Administrative Appropriations		0.123			
Appropriation Transfers		-2.679			
Relinquished Appropriation Authority		-0.825			
Continuing Appropriations		3.665			
Reversions		-6.623	-6.500	-6.500	-\$13.000
Total Disbursements	\$370.795	\$388.385	\$380.591	\$387.624	\$768.215
Adjustments	4.707				
Foundation Program Reversion	3.651				
Residual Equity Transfer	0.200	1.360			
Ending Fund Balance	\$39.472	\$29.804	\$18.221	\$10.747	\$10.747
Surplus as % of Disbursements	10.65%	7.67%	4.79%	2.77%	

Governor's Executive Budget Proposal

(In Millions)

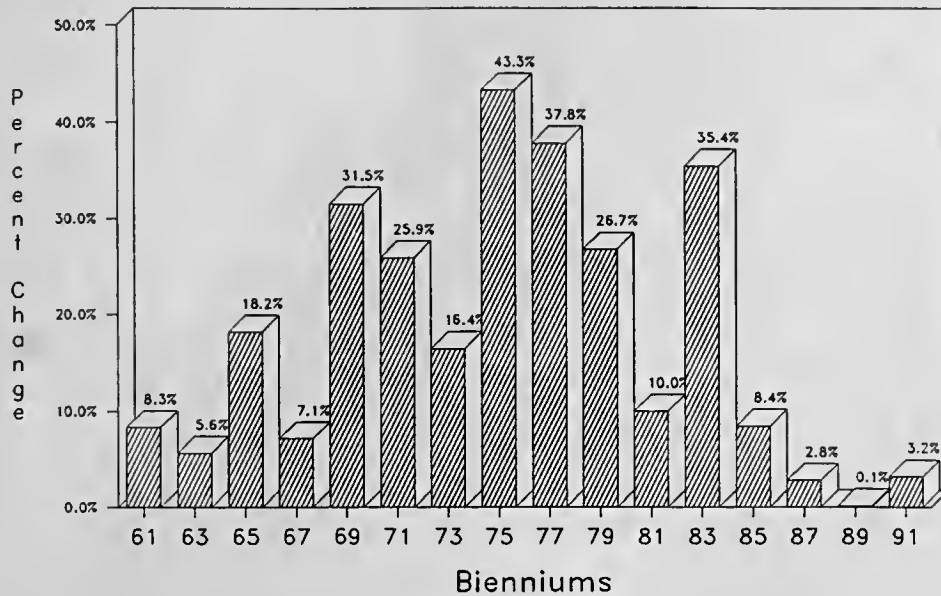
	Actual FY 88	Estimate FY 89	Recmnd. FY 90	Recmnd. FY 91	Recmnd. FY 90-91
Beginning Fund Balance	\$10.557	\$39.472	\$29.804	\$20.062	\$29.804
Receipts					
Estimated Receipts	\$391.152	\$377.357	\$379.025	\$391.051	\$770.076
Total Available	\$401.709	\$416.829	\$408.829	\$411.113	\$799.880
Disbursements					
Current Level Disbursements	\$370.795	\$362.752	\$359.324	\$360.696	\$720.020
Foundation Program at 2/2	0.000	0.000	13.384	11.922	25.306
Modified Level Disbursements		0.000	9.597	11.122	20.719
Legislative Feed Bill		4.400		4.400	4.400
Miscellaneous Appropriations		0.382			
Pay Plan Proposal		0.000	0.000	0.000	0.000
Supplemental Requests		15.800			
Disaster		0.000	0.000	0.000	0.000
Trans Interest		0.000	1.905	1.814	3.719
Debt Service		11.088	11.057	10.984	22.041
Language Appropriations		0.302			
Administrative Appropriations		0.123			
Appropriation Transfers		-2.679			
Relinquished Appropriation Authority		-0.825			
Continuing Appropriations		3.665			
Reversions		-6.623	-6.500	-6.500	-13.000
Total Disbursements	\$370.795	\$388.385	\$388.767	\$394.438	\$783.205
Adjustments	4.707				
Foundation Program Reversion	3.651				
Residual Equity Transfer	0.200	1.360			
Ending Fund Balance	\$39.472	\$29.804	\$20.062	\$16.675	\$16.675
Surplus as % of Disbursements	10.65%	7.67%	5.16%	4.23%	

GENERAL FUND SUMMARY



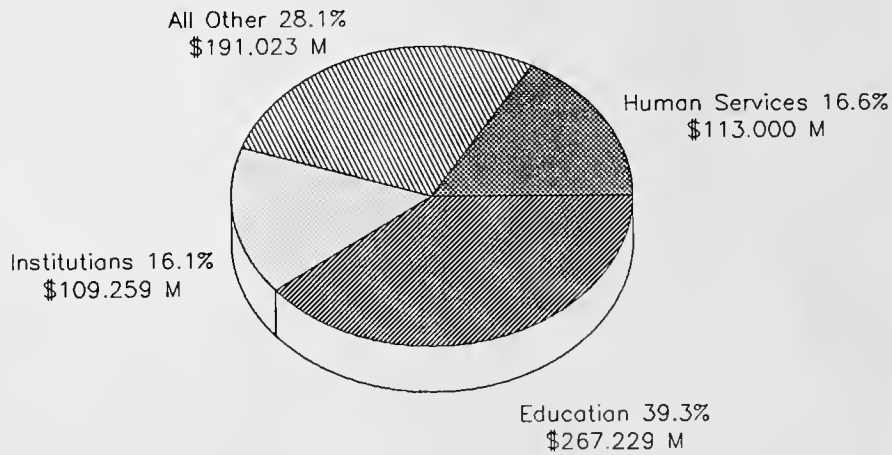
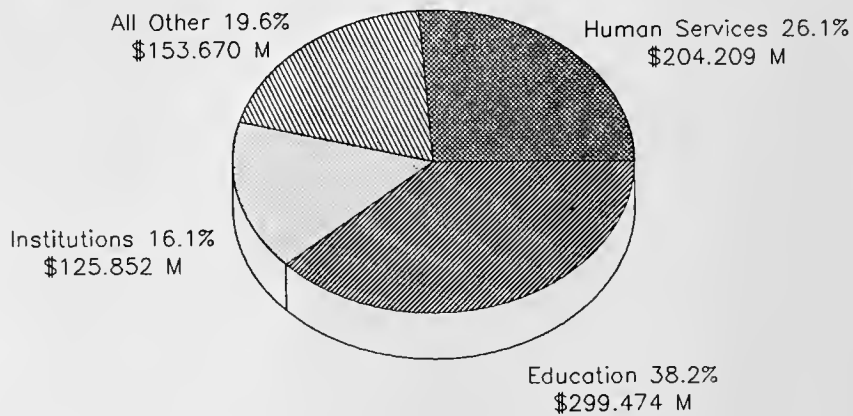
Fiscal Year	General Fund Revenue (Millions)	General Fund Disbursements (Millions)	Ending Fund Balance (Millions)
73	\$112.591298	\$94.739472	\$24.159177
74	131.756688	115.543830	40.820358
75	156.641727	146.247584	51.196108
76	166.345790	166.340893	50.454406
77	189.879343	194.300258	48.528885
78	203.244550	218.093767	33.621817
79	233.360791	239.029560	28.609926
80	250.183133	238.167938	42.218231
81	282.526748	264.551569	61.315056
82	320.143925	347.901270	34.386832
83	313.575015	332.610274	57.140875
84	330.305497	357.387046	35.097000
85	364.521831	380.358776	27.545000
86	349.541480	366.815431	16.002000
87	346.689859	391.324548	10.557000
88	391.152206	370.853289	39.472000
E89	377.357000	388.385000	29.804000
E90	379.025000	388.767000	20.062000
E91	391.051000	394.438000	16.675000

General Fund Disbursements
Percent Change Between Bienniums

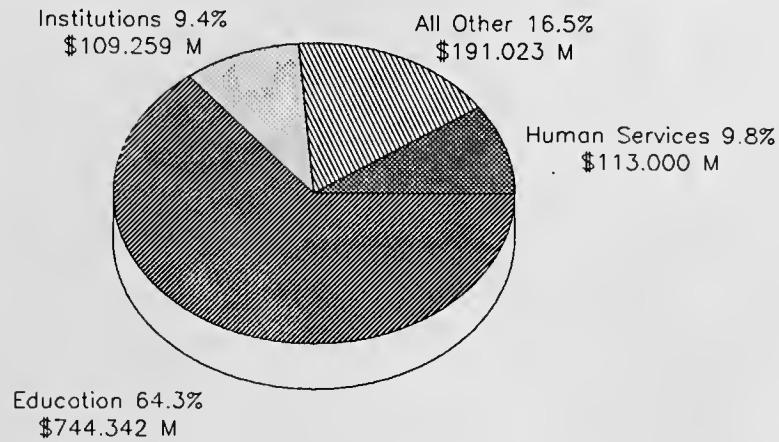


Fiscal Year	Annual General Fund Disbursements (Millions)	Biennium General Fund Disbursements (Millions)	Percent Change
1958	31.621467		
1959	33.796667	65.418134	
1960	34.643071		
1961	36.218707	70.861778	8.32%
1962	35.789533		
1963	39.056540	74.846073	5.62%
1964	40.622539		
1965	47.842725	88.465264	18.20%
1966	45.184000		
1967	49.579000	94.763000	7.12%
1968	60.850000		
1969	63.790000	124.640000	31.53%
1970	75.616000		
1971	81.299944	156.915944	25.90%
1972	87.956650		
1973	94.739472	182.696122	16.43%
1974	115.543830		
1975	146.247584	261.791414	43.29%
1976	166.340893		
1977	194.300258	360.641151	37.76%
1978	218.093767		
1979	239.029560	457.123327	26.75%
1980	238.167938		
1981	264.551569	502.719507	9.97%
1982	347.901270		
1983	332.610274	680.511544	35.37%
1984	357.387046		
1985	380.358776	737.745822	8.41%
1986	366.815431		
1987	391.324548	758.139979	2.76%
1988	370.853289		
E 1989	388.385000	759.238289	.14%
E 1990	388.767000		
E 1991	394.438000	783.205000	3.16%

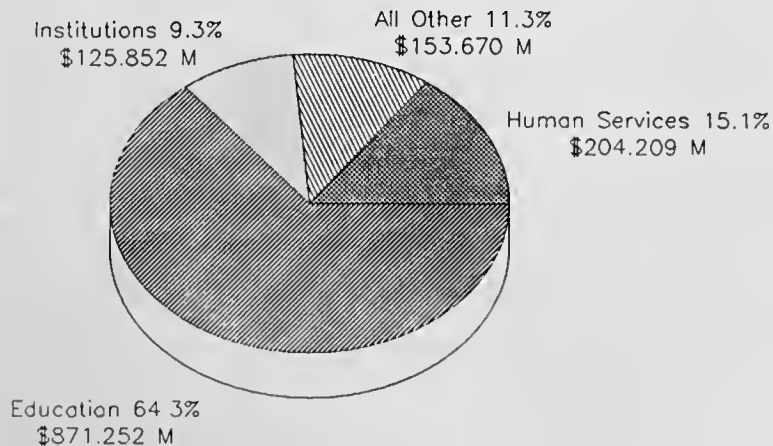
GENERAL FUND SUMMARY

General Fund Disbursements
1982-83 BienniumGeneral Fund Disbursements
1990-91 Biennium

General Fund & Foundation Program
1982-83 Biennium Disbursements



General Fund & Foundation Program
1990-91 Biennium Disbursements



GENERAL FUND SUMMARY

General Fund Disbursements

	Actual FY 1988	Budgeted FY 1989	Recmnd. FY 1990	Recmnd. FY 1991	Biennium FY 88-89	Biennium FY 90-91	Percent Change
Legislative Auditor	1,054,720.74	1,102,793	1,053,098	1,032,611	2,157,514	2,085,709	-3.33%
Legislative Fiscal Analyst	756,869.69	894,093	788,986	807,674	1,650,963	1,596,660	-3.29%
Legislative Council	1,574,670.39	2,266,562	2,340,591	2,185,882	3,841,232	4,526,473	17.84%
Legislature-Senate	110,508.06	284,147	0	0	394,655	0	-100.00%
Legislature-House	181,525.74	306,710	0	0	488,236	0	-100.00%
Environmental Quality Council	217,075.68	239,609	238,781	235,472	456,685	474,253	3.85%
Judiciary	4,217,087.70	4,267,611	4,221,443	4,192,956	8,484,699	8,414,399	-0.83%
Governors Office	2,152,966.56	2,226,802	2,250,238	2,172,338	4,379,769	4,422,576	0.98%
Secretary Of States Office	545,399.49	495,523	503,397	491,529	1,040,922	994,926	-4.42%
Commissioner Of Political Prac	83,771.29	102,125	103,193	99,163	185,896	202,356	8.85%
State Auditors Office	809,795.12	998,147	949,209	844,634	1,807,942	1,793,843	-0.78%
Office Of Public Instruction	37,288,753.70	37,057,294	50,812,988	49,325,618	74,346,048	100,138,606	34.69%
Crime Control Division	408,863.84	412,649	414,870	408,770	821,513	823,640	0.26%
Highway Traffic Safety	76,050.00	302,400	200,000	200,000	378,450	400,000	5.69%
Department Of Justice	5,113,949.44	5,140,678	4,967,212	4,809,013	10,254,627	9,776,225	-4.67%
Public Service Regulation	1,645,493.80	1,693,166	1,690,450	1,657,004	3,338,660	3,347,454	0.26%
Board Of Public Education	163,176.20	144,016	125,282	117,423	307,192	242,705	-20.99%
Commissioner Of Higher Ed	96,807,139.34	96,499,892	97,278,067	97,509,839	193,307,031	194,787,906	0.77%
Supplemental		1,140,087			1,140,087	0	
Total Higher Education	96,807,139.34	97,639,979	97,278,067	97,509,839	194,447,118	194,787,906	0.18%
School For The Deaf & Blind	2,042,442.24	2,102,508	2,300,731	2,247,251	4,144,950	4,547,982	9.72%
Montana Arts Council	124,903.61	120,554	127,726	120,271	245,458	247,997	1.03%
Library Commission	541,213.55	527,788	579,375	560,251	1,069,002	1,139,626	6.61%
Historical Society	1,098,351.65	1,125,990	1,180,025	1,149,642	2,224,342	2,329,667	4.74%
Board Of Regents	195,944.17	23,008	763,722	749,936	218,952	1,513,658	591.32%
Fire Services Training School	196,810.96	202,018	198,473	199,282	398,829	397,755	-0.27%
Dept Health & Environ Sciences	3,577,682.48	3,979,039	3,453,499	3,416,213	7,556,721	6,869,712	-9.09%
Department Of State Lands	8,156,470.77	5,501,542	7,612,348	7,453,292	13,658,013	15,065,640	10.31%
Supplemental		11,465,224			11,465,224	0	
Total State Lands	8,156,470.77	16,966,766	7,612,348	7,453,292	25,123,237	15,065,640	-40.03%
Department Of Livestock	719,092.64	775,611	756,908	746,497	1,494,704	1,503,405	0.58%
Dept Nat Resource/Conservation	3,774,525.84	3,875,865	2,428,334	2,391,079	7,650,391	4,819,413	-37.00%
Department Of Revenue	17,077,838.84	17,543,272	18,260,522	16,907,821	34,621,111	35,168,343	1.58%
Department Of Administration	17,102,520.00	14,815,696	16,419,835	16,241,767	31,918,216	32,661,602	2.33%
Department Of Agriculture	1,485,339.02	1,604,091	1,513,809	1,465,579	3,089,430	2,979,388	-3.56%
Department Of Institutions	10,613,199.92	11,228,752	11,111,561	10,946,858	21,841,952	22,058,419	0.99%
Montana Developmental Center	11,804,933.38	11,879,951	12,204,240	12,264,979	23,684,884	24,469,219	3.31%
Center For The Aged	2,616,110.40	2,674,095	2,725,651	2,745,474	5,290,205	5,471,125	3.42%
Eastmont Training Center	2,150,715.42	2,258,146	2,284,076	2,272,537	4,408,861	4,556,613	3.35%
Montana State Prison	12,458,662.65	13,042,282	13,022,787	13,178,168	25,500,945	26,200,955	2.75%
Swan River Youth Forest Camp	803,951.38	858,938	855,686	849,221	1,662,889	1,704,907	2.53%
Veterans Home	462,329.13	552,504	689,505	691,556	1,014,833	1,381,061	36.09%
Montana State Hospital	19,284,239.02	20,159,047	19,730,947	19,954,862	39,443,286	39,685,809	0.61%
Board Of Pardons	160,261.42	160,441	163,610	160,529	320,702	324,139	1.07%
Department Of Commerce	4,707,968.77	5,139,601	5,882,606	6,127,643	9,847,570	12,010,249	21.96%
Labor & Ind-Employment Servs	1,854,810.76	2,341,632	1,071,667	1,404,080	4,196,443	2,475,747	-41.00%
Labor & Ind-Workers' Comp	52,445.53	64,583	45,842	43,999	117,029	89,841	-23.23%
Adjutant General	1,811,554.15	2,106,032	1,945,601	1,950,939	3,917,586	3,896,540	-0.54%
Dept Social & Rehab Services	73,111,867.38	75,825,531	79,352,574	83,255,469	148,937,398	162,608,043	9.18%
Supplemental		2,516,385			2,516,385	0	
Total Social & Rehab Services	73,111,867.38	78,341,916	79,352,574	83,255,469	151,453,783	162,608,043	7.36%
Department Of Family Services	19,570,213.92	20,208,326	20,647,259	20,953,279	39,778,540	41,600,538	4.58%
Legislative Feed Bill	0.00	4,400,000	0	4,400,000	4,400,000	4,400,000	0.00%
Termination Pay	0.00	232,260	0	0	232,260	0	-100.00%
Reversions	0.00	(6,500,000)	(6,500,000)	(6,500,000)	(6,500,000)	(13,000,000)	100.00%
Total Deductions	370,764,215.78	388,385,016	388,766,724	394,438,400	759,149,232	783,205,124	3.17%

NOTE: Actual FY88 General Fund Disbursements do not include expenditures for administrative appropriations.

REVENUE ESTIMATING ADVISORY COUNCIL

The Governor created the Revenue Estimating Advisory Council (REAC) by Executive Order in April of 1986. The purpose of the council was to develop economic assumptions necessary to forecast the major sources of general fund and state special revenues of the State of Montana. The Office of Budget and Program Planning (OBPP) was assigned to staff the council.

The council held public hearings on June 9th and 10th and October 25th to receive testimony from industry representatives, economists, university faculty, state agency officials and legislative staff. This process insures that the steps necessary to develop economic assumptions and ultimately the associated revenue estimates is an open public process. The input of public as well as private sector experts should improve the accuracy of the assumptions and the revenue estimates that are developed. In addition, the council focuses only on revenue assumptions which enables the legislature to devote more time to determining the spending priorities of the state rather than debating how much revenue is available.

The economic assumptions as adopted by the council are presented in the following sections. The Governor's Executive Budget includes revenue estimates based on these assumptions. These same assumptions will be used to calculate tax policies proposed by the Governor and in the preparation of fiscal impact statements.

Membership : Revenue Estimating Advisory Council

Mr. William Mathers, Miles City, Chairman
Mr. Fritz Tossberg, Hamilton
Mr. George Ruff, Helena
Ms. Nancy Nicholson, Helena
Mr. Cal Robinson, Kalispell

Staff : Revenue Estimating Advisory Council

Mr. David L. Hunter, Budget Director
Mr. Terry W. Johnson
Ms. Mary LaFond

REVENUE ESTIMATES

General Fund Revenue Estimates

Current Law Status

(In Millions)

Revenue Component	Actual FY 1988	Estimated FY 1989	Estimated FY 1990	Estimated FY 1991	Estimated FY 88-89	Estimated FY 90-91
Individual Income Tax	142.746609	141.114000	139.170000	148.077000	283.860609	287.247000
Corporation License Tax	27.027277	28.694000	28.855000	29.010000	55.721277	57.865000
Coal Severance Tax	12.961531	8.918000	7.235000	6.249000	21.879531	13.484000
Oil Severance Tax	16.484059	13.536000	14.439000	13.836000	30.020059	28.275000
Interest on Investments	15.731943	14.324000	14.920000	14.282000	30.055943	29.202000
Long-Range Bond Excess	37.461464	38.444000	37.760000	38.977000	75.905464	76.737000
Coal Trust Interest Income	36.754944	39.002000	35.913000	37.510000	75.756944	73.423000
Insurance Premiums Tax	32.047077	21.371000	22.187000	23.685000	53.418077	45.872000
Public Institutions Reimb.	15.395310	16.090000	12.211000	12.352000	31.485310	24.563000
Liquor Profits	3.633000	3.623000	3.153000	2.680000	7.256000	5.833000
Liquor Excise Tax	5.322934	4.998000	4.691000	4.402000	10.320934	9.093000
Inheritance Tax	8.745457	8.727000	8.905000	9.151000	17.472457	18.056000
Metal Mines Tax	2.961778	3.691000	4.145000	3.595000	6.652778	7.740000
Electrical Energy Tax	3.311082	3.389000	3.488000	3.528000	6.700082	7.016000
Drivers' License Tax	0.790325	0.804000	0.791000	0.812000	1.594325	1.603000
Telephone License Tax	3.450499	3.656000	3.821000	3.971000	7.106499	7.792000
Beer License Tax	1.254564	1.242000	1.244000	1.260000	2.496564	2.504000
Natural Gas Severance Tax	1.491523	1.143000	0.999000	1.035000	2.634523	2.034000
Freight Line Tax	1.229618	1.181000	1.117000	1.180000	2.410618	2.297000
Wine Tax	0.929861	0.901000	0.868000	0.835000	1.830861	1.703000
Other Revenue Sources	21.421351	22.509000	23.096000	23.723000	43.930351	46.819000
Total Revenue	\$391.152206	\$377.357000	\$369.008000	\$380.150000	\$768.509206	\$749.158000

Governor's Executive Budget Proposal

Revenue Adjustments

(In Millions)

Revenue Component	Actual FY 1988	Estimated FY 1989	Estimated FY 1990	Estimated FY 1991	Estimated FY 88-89	Estimated FY 90-91
Individual Income Tax	\$0.000000	\$0.000000	\$0.797000	\$1.207000	\$0.000000	\$2.004000
Interest on Investments	0.000000	0.000000	2.190000	2.085000	0.000000	4.275000
Long-Range Bond Excess	0.000000	0.000000	0.137000	0.208000	0.000000	0.345000
Coal Trust Interest Income	0.000000	0.000000	5.946000	6.229000	0.000000	12.175000
Public Institutions Reimb.	0.000000	0.000000	0.332000	0.554000	0.000000	0.886000
Other Revenue Sources	0.000000	0.000000	0.615000	0.618000	0.000000	1.233000
Total Adjustments	\$0.000000	\$0.000000	\$10.017000	\$10.901000	\$0.000000	\$20.918000
Total Plus Adjustments	\$391.152206	\$377.357000	\$379.025000	\$391.051000	\$768.509206	\$770.076000

Revenue Adjustments

The following paragraphs describe each revenue adjustment proposed in the Governor's Executive Budget proposal.

Individual Income Tax

The Executive Budget recommendation for the Department of Revenue includes two individual income tax modifications which are designed to enhance collection efforts. Total revenues anticipated are \$1.369 million and \$2.073 million in FY90 and FY91, respectively. The general fund will receive 58.2% of these amounts or \$.797 million in FY90 and \$1.207 million in FY91.

Interest on Investments

The Revenue Estimating Advisory Council did not assume the state would issue tax and revenue anticipation notes during FY90 and FY91. Based on the level of disbursements recommended in the Executive Budget, it is assumed that the general fund will be cash deficient during each year of the 1990-91 biennium. Thirty million dollars in short-term notes are anticipated to be issued annually.

Long-Range Bond Excess

This category of revenue receives 10% of individual income tax receipts. Due to the proposed modifications to enhance individual income tax collections, this component will receive 10% of the total or \$.137 million in FY90 and \$.207 million in FY91.

Coal Trust Interest Income

The Executive Budget recommendation proposes to change the distribution of permanent trust fund interest earnings. Under current law 15% of total earnings are deposited to the trust fund. The Governor's budget diverts the 15% of permanent trust interest earnings to the general fund for FY90 and FY91.

Public Institutions Reimbursements

The Executive Budget recommendation for the Department of Social and Rehabilitation Services includes modifications for provider rate increases and the Omnibus Budget Reconciliation Act of 1987 (OBRA). If patient costs at state institutions are medicaid reimbursable, then the federal revenues received are deposited in the general fund.

Other Revenue Sources

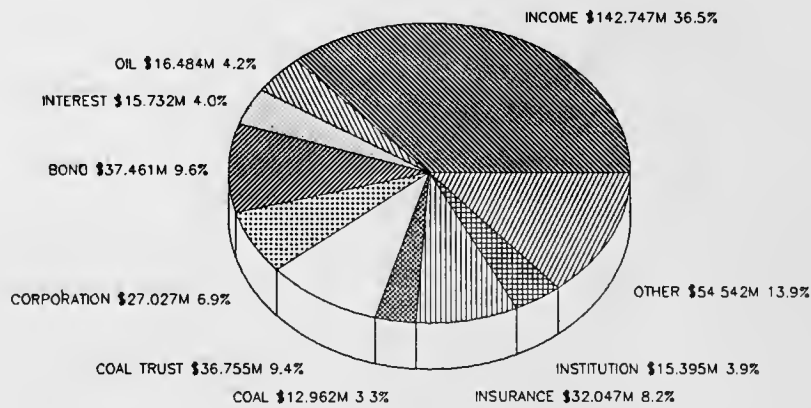
Revenue adjustments included in this component are as follows :

	<u>FY 90</u>	<u>FY 91</u>
Bingo and Keno Taxes	\$.300	\$.300
Agricultural Fees	.132	.132
Statewide Cost Allocation Plan	.464	.467
Elimination of Nuisance Taxes	<u>-.281</u>	<u>-.281</u>
Total	<u>\$.615</u>	<u>\$.618</u>

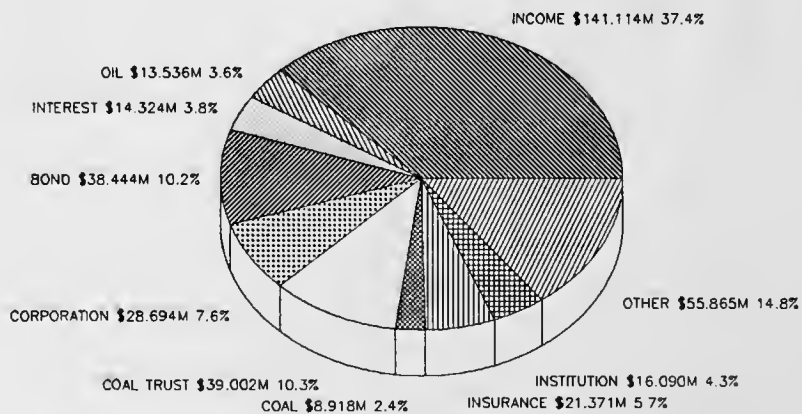
Each of these adjustments are the result of proposals contained within the Governor's Executive Budget.

REVENUE ESTIMATES

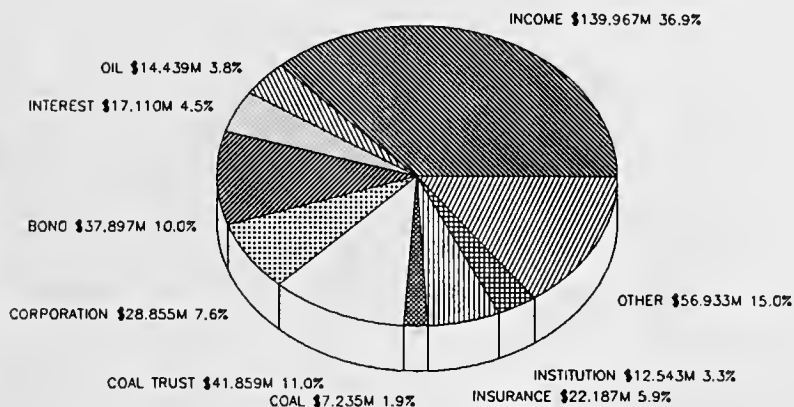
General Fund Revenue Analysis Contribution By Source For FY 88



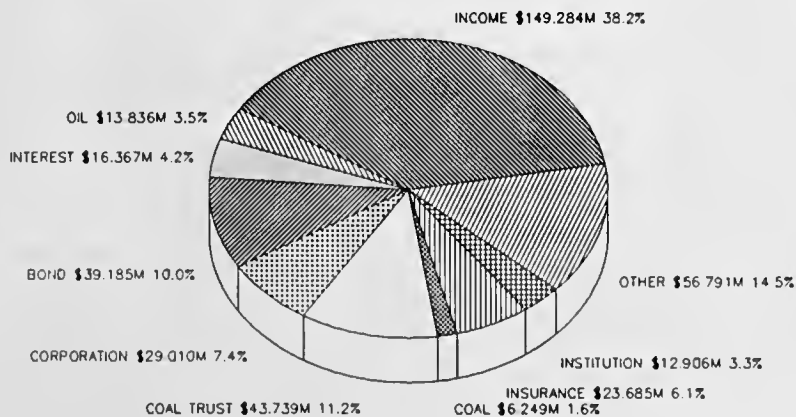
General Fund Revenue Analysis Contribution By Source For FY 89



General Fund Revenue Analysis Contribution By Source For FY 90



General Fund Revenue Analysis Contribution By Source For FY 91



Foundation Program Revenue Estimates

Current Law Status

(In Millions)

Revenue Component	Actual FY 1988	Estimated FY 1989	Estimated FY 1990	Estimated FY 1991	Estimated FY 88-89	Estimated FY 90-91
State Revenue						
Income Tax	76.494683	77.104000	76.042000	80.908000	153.598683	156.950000
Corporation Tax	10.557529	11.209000	11.271000	11.332000	21.766529	22.603000
Coal Severance Tax	14.215851	9.781000	2.010000	1.736000	23.996851	3.746000
Interest & Income	34.078544	32.465000	33.485000	34.353000	66.543544	67.838000
USOil & Gas Royalties	26.327798	23.524000	22.686000	23.494000	49.851798	46.180000
Education Trust Interest	3.430171	0.825000	0.926000	1.148000	4.255171	2.074000
Miscellaneous Revenue	9.350000	24.650000	0.000000	0.000000	34.000000	0.000000
County Levy Surplus	10.558855	0.000000	0.000000	0.000000	10.558855	0.000000
Total State	\$185.013431	\$179.558000	\$146.420000	\$152.971000	\$364.571431	\$299.391000
Statewide Taxable Valuation	1977.891006	1942.914000	1899.969000	1869.831000	NA	NA
County Revenue						
Mandatory Levy	78.446240	87.431000	85.499000	84.142000	165.877240	169.641000
Elementary Transportation	-3.725853	-3.717000	-3.717000	-3.717000	-7.442853	-7.434000
Cash Reappropriated	1.699658	1.566000	2.487000	3.126000	3.265658	5.613000
Forest Funds	1.464581	1.465000	1.465000	1.465000	2.929581	2.930000
Taylor Grazing	0.102104	0.102000	0.102000	0.102000	0.204104	0.204000
Miscellaneous Revenue	4.310324	4.310000	4.310000	4.310000	8.620324	8.620000
High School Tuition	-0.838280	-0.838000	-0.838000	-0.838000	-1.676280	-1.676000
Total County	\$81.458774	\$90.319000	\$89.308000	\$88.590000	\$171.777774	\$177.898000
District Revenue						
Permissive Levy	16.402650	16.113000	15.756000	15.507000	32.515650	31.263000
Miscellaneous Revenue	1.124619	1.227000	1.371000	1.567000	2.351619	2.938000
Total District	\$17.527269	\$17.340000	\$17.127000	\$17.074000	\$34.867269	\$34.201000
Total State,County,District	\$283.999474	\$287.217000	\$252.855000	\$258.635000	\$571.216474	\$511.490000

Governor's Executive Budget Proposal

Revenue Adjustments

(In Millions)

Revenue Component	Actual FY 1988	Estimated FY 1989	Estimated FY 1990	Estimated FY 1991	Estimated FY 88-89	Estimated FY 90-91
State Revenue						
Income Tax	\$0.000000	\$0.000000	\$0.435000	\$0.659000	\$0.000000	\$1.094000
Coal Severance Tax	0.000000	0.000000	8.540000	7.378000	0.000000	15.918000
Education Trust Interest	0.000000	0.000000	-0.082000	-0.312000	0.000000	-0.394000
Total Adjustments	\$0.000000	\$0.000000	\$8.893000	\$7.725000	\$0.000000	\$16.618000
Total Plus Adjustments	\$283.999474	\$287.217000	\$261.748000	\$266.360000	\$571.216474	\$528.108000

Revenue Adjustments

The following paragraphs describe each revenue adjustment proposed in the Governor's Executive Budget proposal.

Individual Income Tax

The Executive Budget recommendation for the Department of Revenue includes two individual income tax modifications which are designed to enhance collection efforts. Total revenues anticipated are \$1.369 million and \$2.073 million in FY90 and FY91, respectively. The foundation program will receive 31.8% of these amounts or \$.435 million in FY90 and \$.659 million in FY91.

Coal Severance Tax

The Executive Budget recommendation proposes to change the distribution of coal severance tax revenues. Under current law 6.65%, 7.60% and 1.90% of total receipts are deposited to the local impact account, education trust account and parks acquisition trust account, respectively. The Governor's Executive Budget proposal diverts all of these revenues to the foundation program for the support of public schools.

Education Trust Interest

The diversion of coal severance tax revenues from the education trust account to the foundation program reduces the investable balance of the education trust account. With less funds available for investment, interest earnings from the investment of these funds are reduced.

S-18 FULL-TIME EQUIVALENT (FTE) POSITIONS IN STATE GOVERNMENT

The Executive Budget proposes a level of FTE in state government in FY91 that is the lowest since FY75. The proposed FY91 level is more than 1400 FTEs less than in FY77 and 738 FTEs lower than the authorized level in FY86. The proposed FTEs in FY91 are 609 fewer than in 1981 when Governor Schwinden took office. This decline takes place even though the Executive Budget includes over 100 additional modified FTEs required as a result of new federal programs and requirements.

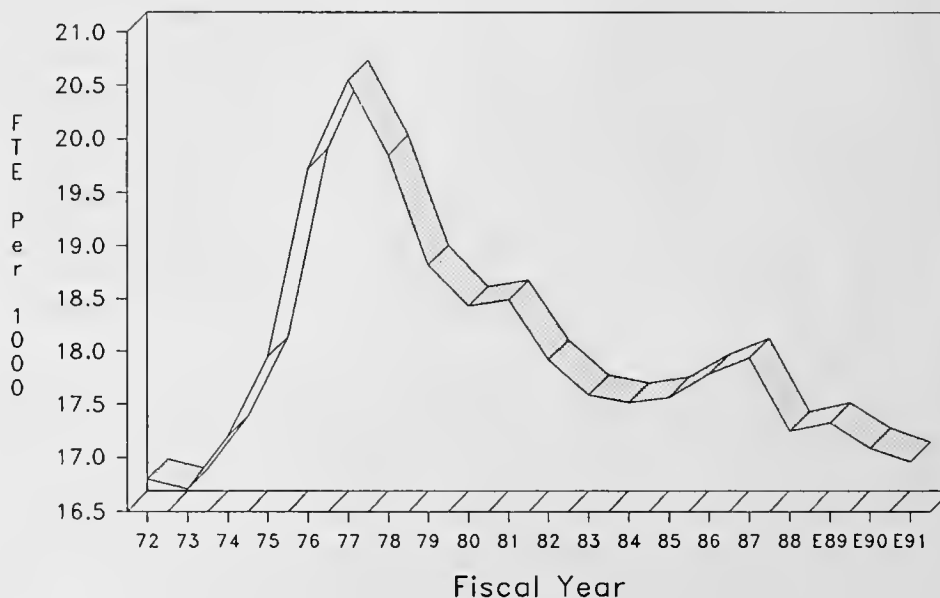
The decline in FTE is even more dramatic when the new services that have been added over the years are considered. Passage of the lottery initiative added 35 FTEs. The new forensics building at Montana State Hospital added 30 FTEs. Assumption of the Vo-Tech system added 246 FTEs in FY82 even though the level of service remained the same. Additional housing and inmate levels at Montana State Prison have added 88 prison guards. State Lands assumption of fire fighting responsibility from the federal government has added 41 FTEs since FY84.

Despite these additions, the total number of FTE in state government has declined and the number of FTE per capita in Montana has declined significantly. Table 1 and the following graph depict the number of state employees per 1000 residents since 1972. Table 2 lists FTE by agency for FY88 actual, FY89 approved and FY90-91 as proposed in the Executive Budget.

Table 1
State Employees (FTE)
Per 1000 Residents

FY	FTE	POPULATION	FTE PER 1000 RESIDENTS
72	11,706.72	697,000	16.80
73	11,880.17	711,000	16.71
74	12,369.41	719,000	17.20
75	13,047.48	727,000	17.95
76	14,510.52	736,000	19.72
77	15,370.17	748,000	20.55
78	15,026.60	757,000	19.85
79	14,488.23	770,000	18.82
80	14,410.62	782,000	18.43
81	14,550.72	787,000	18.49
82	14,266.46	796,000	17.92
83	14,156.49	805,000	17.59
84	14,296.09	816,000	17.52
85	14,459.73	823,000	17.57
86	14,679.75	825,000	17.79
87	14,654.46	817,000	17.94
88	13,956.43	809,000	17.25
89	14,086.59	813,000	17.33
90	13,966.04	817,000	17.00
91	13,941.49	822,000	16.96

State of Montana Employees
FTE Per 1000 Residents



FULL-TIME EQUIVALENT (FTE) POSITIONS IN STATE GOVERNMENT S-19

Table 2
Full-Time Equivalent (FTE) Comparisons
By State Agency

State Agency	Actual			--- Recommended ---			--- Recommended ---		
	FY 88	FY 89	FY 90	Current FY 90	Modified FY 90	Total FY 90	Current FY 91	Modified FY 91	Total FY 91
Legislative Auditor	60.00	60.00	60.00		1.00	61.00	60.00	1.00	61.00
Legislative Fiscal Analyst	17.50	19.00	17.50		0.50	18.00	18.00		18.00
Legislative Council	44.70	54.45	43.70			43.70	53.70		53.70
Environmental Quality Council	6.50	6.50	6.50			6.50	6.50		6.50
Consumer Counsel	4.25	4.25	4.25			4.25	4.25		4.25
Judiciary	92.50	91.16	90.50			90.50	90.50		90.50
Governors Office	61.54	62.26	57.20		1.20	58.40	53.70	1.20	54.90
Secretary Of States Office	27.50	27.50	27.50			27.50	27.50		27.50
Commissioner Of Political Prac	3.00	3.00	3.00			3.00	3.00		3.00
State Auditors Office	62.50	62.50	57.50			57.50	57.50		57.50
Office Of Public Instruction	121.90	122.90	115.90		2.50	118.40	115.90	2.50	118.40
Billings Vo Tech	50.81	51.68	45.85			45.85	45.85		45.85
Butte Vo Tech	34.90	37.03	36.47			36.47	36.47		36.47
Great Falls Vo Tech	46.99	47.49	49.50			49.50	49.50		49.50
Helena Vo Tech	54.09	54.24	49.05			49.05	49.05		49.05
Missoula Vo Tech	59.88	59.13	52.14			52.14	52.14		52.14
Crime Control Division	17.49	17.67	17.00			17.00	17.00		17.00
Highway Traffic Safety	8.50	8.50	8.50			8.50	8.50		8.50
Department Of Justice	560.10	563.70	557.35		1.50	558.85	557.35	3.50	560.85
Public Service Regulation	46.00	46.00	46.00			46.00	46.00		46.00
Board Of Public Education	5.00	5.00	4.00			4.00	4.00		4.00
Commissioner Of Higher Ed	35.91	44.78	34.00		27.00	61.00	34.00	27.00	61.00
University Of Montana	773.45	776.45	747.39		3.50	750.89	747.39	3.50	750.89
Montana State University	963.00	963.00	931.99			931.99	931.99		931.99
Mont College Of Min Sc & Tech	221.03	221.03	205.13			205.13	205.13		205.13
Eastern Montana College	323.46	323.46	316.17			316.17	316.17		316.17
Northern Montana College	189.74	189.74	187.96			187.96	187.96		187.96
Western Montana College	103.42	103.42	104.37			104.37	104.37		104.37
Agricultural Exper Station	258.70	258.70	273.27			273.27	273.27		273.27
Cooperative Extension Service	116.77	115.77	101.08			101.08	101.08		101.08
Forestry & Cons Exper Station	16.09	16.09	15.82			15.82	15.82		15.82
School For The Deaf & Blind	84.63	84.63	84.63		2.19	86.82	84.63	2.19	86.82
Montana Arts Council	7.97	9.08	7.97			7.97	7.97		7.97
Library Commission	31.72	29.80	27.21		1.00	28.21	27.00	1.00	28.00
Montana Council On Vocational	2.00	2.50	2.00		0.50	2.50	2.00	0.50	2.50
Historical Society	48.88	50.81	46.38		2.90	49.28	46.38	2.40	48.78
Fire Services Training School	5.00	5.00	5.00			5.00	5.00		5.00
Dept Of Fish, Wildlife & Parks	546.04	536.24	500.50		24.72	525.22	500.50	25.97	526.47
Dept Health & Environ Sciences	264.23	276.20	234.35		57.00	291.35	234.35	58.00	292.35
Department Of Highways	1,920.74	1,931.14	1,924.83		9.60	1,934.43	1,924.83	9.60	1,934.43
Department Of State Lands	298.47	306.88	304.38		22.62	327.00	304.38	28.75	333.13
Department Of Livestock	115.71	115.71	113.71		2.00	115.71	113.71	4.00	117.71
Dept Nat Resource/Conservation	248.30	253.70	239.20		9.00	248.20	239.20	9.00	248.20
Department Of Revenue	895.67	907.17	851.57		11.10	862.67	851.57	-31.20	820.37
Department Of Administration	357.61	372.34	353.59		9.00	362.59	358.59	9.00	367.59
Public Employees Retirement Bd	19.60	19.60	18.60		0.40	19.00	18.60	0.40	19.00
Teachers Retirement Board	10.40	11.00	10.40		0.60	11.00	10.40	0.60	11.00
Department Of Agriculture	88.00	90.13	84.67		4.83	89.50	84.67	6.33	91.00
Department Of Institutions	152.80	152.95	150.50		6.62	157.12	150.50	6.00	156.50
Montana Developmental Center	438.15	445.65	428.65		18.50	447.15	428.65	18.50	447.15
Center For The Aged	97.99	98.84	97.14		3.40	100.54	97.14	1.00	98.14
Eastmont Training Center	92.02	92.02	92.02		1.00	93.02	92.02	1.00	93.02
Montana State Prison	408.48	411.46	406.56		14.60	421.16	406.56	14.60	421.16
Swan River Youth Forest Camp	25.83	25.83	25.83			25.83	25.83		25.83
Veterans Home	81.30	81.30	80.80		4.77	85.57	80.80	3.60	84.40
Montana State Hospital	705.46	720.00	715.00		4.35	719.35	715.00	3.00	718.00
Board Of Pardons	4.00	4.00	4.00			4.00	4.00		4.00
Department Of Commerce	351.94	350.25	338.90		9.50	348.40	338.90	10.00	348.90
Labor & Ind-Employment Servs	623.15	622.30	594.80		4.50	599.30	593.05	5.50	598.55
Labor & Ind-Workers' Comp	213.82	226.25	203.25		30.50	233.75	203.25	30.50	233.75
Adjutant General	96.50	97.50	96.50		3.00	99.50	96.50	3.00	99.50
Dept Social & Rehab Services	774.63	772.93	751.82		45.67	797.49	751.82	45.67	797.49
Department Of Family Services	558.17	566.98	558.54		5.08	563.62	557.41	5.08	562.49
Total State	13,956.43	14,086.59	13,619.89		346.15	13,966.04	13,628.80	312.69	13,941.49
Reporting to Governor	9,635.75	9,737.45	9,414.50		310.15	9,724.65	9,412.91	275.19	9,688.10
All Other	4,320.68	4,349.14	4,205.39		36.00	4,241.39	4,215.89	37.50	4,253.39

With the passage of HB653 (Expenditure Limitation Act) during the 47th Legislature, a new element was added to the budget process. The total increase in biennial appropriations from the general, special revenue and cash portion of the capital projects funds is limited to the growth in Montana's personal income. This law not only limits the total appropriations but also forces a balance among increases in general, special revenue and cash building funds.

To determine the overall effect of the expenditure limitation for the 1991 biennium, the average personal income growth must be calculated. The method to be used is delineated in section 17-8 106, MCA: "The growth percentage is the percentage difference between the average Montana total personal income for the 3 calendar years immediately preceding the next biennium and the average Montana total personal income for the 3 calendar years immediately preceding the current biennium."

Using these criteria, the personal income growth was determined using the following statistics.

Personal Income Growth

Cal- endar Year	Personal Income (Billions)	Source
1984	\$8.922334	Bureau of Economic Analysis
1985	9.094690	Bureau of Economic Analysis
1986	9.582683	Bureau of Economic Analysis
1987	9.992036	Bureau of Economic Analysis
1988	10.300000	Revenue Estimating Advisory Council

Since the average total personal income for the 3 years immediately preceding the current biennium (1984, 1985, and 1986) is \$9.199902 billion and the average total personal income for the 3 years immediately preceding the 1991 biennium (1986, 1987 and 1988) is \$9.958240 billion, the growth in personal income between these two periods is 8.24%. This percentage is the limit on appropriation growth for the 1991 biennium.

To complete the calculation of the expenditure limitation, it is necessary to determine the total appropriations for the 1989 biennium, according to the definition contained in section 17-8 105, MCA. This section specifically excludes interest payments, tax relief and inter-governmental transfers from the appropriation base. The following table shows the development of the appropriation base using these criteria.

Base Appropriation Calculations 1989 Biennium (Millions)

	General Fund	Special Revenue Fund	Cash Building Fund	Total
1989 Biennium Appropriations	\$883.5	\$1,199.1	\$6.2	\$2,088.8
Exclusions				
Interest Payments				
Debt Service	22.1			22.1
Tax Anticipation Notes	2.5			2.5
Transfers				
Public School Support	62.0			62.0
Total	\$796.9	\$1,199.1	\$6.2	\$2,002.2

The final step in determining the expenditure limit for the 1991 biennium is multiplying the adjusted 1989 biennial appropriation total (\$2,002.2 million) by the allowable growth factor (8.24%). This yields the total amount that may be appropriated from these 3 funds during the 1991 biennium - \$2,167.2 million.

The Executive Budget recommendations are below the limitations imposed by the act.

Executive Budget Summary 1991 Biennium (Millions)

Expenditure Limitation	\$2,167.2
Recommended Special Revenue Appropriation	-1,048.0
Recommended Capital Projects (Cash)	-4.1
Recommended General Fund Appropriation	-796.2
Expenditure Limitation Balance	\$318.9

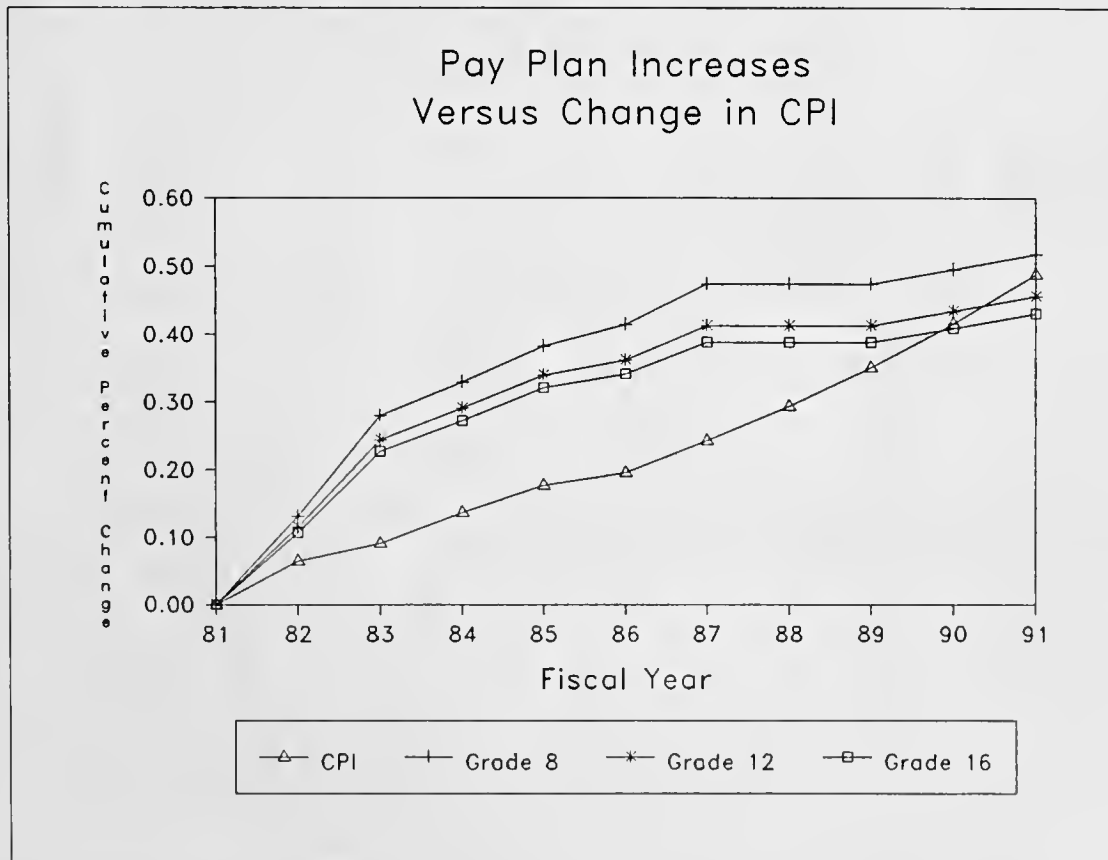
In summary, the Executive Budget recommendations have complied with the state Expenditure Limitation Act.

Compensation

The Executive Budget proposes that state employees receive a 1.7 to 2.3 percent increase in total compensation from FY89 to FY90 and an additional 1.7 to 2.7 percent increase in total compensation from FY90 to FY91. The lower grades in the statewide salary schedule receive the largest percent increases in total compensation while the higher grades receive the lowest percent increase. This increase in compensation will provide for an increase in the state contribution for group insurance from \$1380 per year in FY89 to \$1500 per year in FY90 and to \$1680 per year in FY91. It also provides for an increase in the base salaries of state employees of 1.5% in FY90 and an additional 1.5% in FY91. The Executive Budget proposes that the full amount of the increase be placed on the base salaries and that

employees remain at the step they occupy as of June 30, 1989, for the 1991 biennium. New employees will move from step one to step two at the end of their probationary period.

With this proposed increase in FY90 and FY91, a grade 8 employees' cumulative pay increase from FY81 to FY91 has exceeded the cumulative increase in the Consumer Price Index (CPI) over the same period. A grade 12 employees' cumulative pay increase has nearly matched the increase in the CPI and a grade 16 employees' cumulative pay increase has fallen slightly behind the CPI. The following graph shows the cumulative pay increases from FY81 to FY91 for a grade 8, 12 and 16 employee and the cumulative CPI over the same period.



The Executive Budget proposes that the increases in compensation be funded from within each agency's current level appropriation. Under current law agencies have program transfer authority of up to 5% of the total agency budget and also have the authority to transfer unexpended appropriation balances from the first year of the biennium to the second year for the purposes of offsetting the costs of pay increases in the second year. This will allow agencies the necessary flexibility to fund the pay increases within their appropriation.

Tables 1 and 2 are the proposed statewide pay matrices for FY90 and FY91 respectively. The proposed blue collar pay schedules, liquor store occupation schedules and institutional teacher schedules are not listed but also contain a two percent increase in compensation each year to be divided between insurance contribution and salary.

The tables do not include the employers' health insurance contribution. To obtain a salary level with the insurance included, add \$1,500 to the amounts in FY90 and \$1,680 to the amounts in FY91.

PAY PLAN

Table 1
Proposed Fiscal Year 1990 Pay Matrix
Without Insurance

[illegible]

S-23

	Table 2 Proposed Fiscal Year 1991 Pay Matrix Without Insurance												
Grade	Step 01	Step 02	Step 03	Step 04	Step 05	Step 06	Step 07	Step 08	Step 09	Step 10	Step 11	Step 12	Step 13
1	8,237	8,983	9,196	9,414	9,636	9,862	10,093	10,328	10,568	10,813	11,063	11,318	11,838
2	8,733	9,517	9,741	9,969	10,202	10,440	10,682	10,929	11,181	11,438	11,700	11,968	12,514
3	9,273	10,097	10,333	10,573	10,818	11,068	11,323	11,583	11,848	12,119	12,395	12,677	13,251
4	9,863	10,732	10,980	11,233	11,491	11,754	12,023	12,297	12,577	12,862	13,153	13,450	14,055
5	10,513	11,431	11,693	11,960	12,233	12,511	12,795	13,085	13,380	13,681	13,988	14,301	14,940
6	11,227	12,198	12,476	12,759	13,048	13,343	13,643	13,949	14,262	14,581	14,906	15,238	15,915
7	12,017	13,048	13,343	13,643	13,949	14,262	14,581	14,906	15,238	15,576	15,921	16,273	16,991
8	12,868	13,963	14,276	14,595	14,921	15,253	15,592	15,937	16,289	16,648	17,015	17,389	18,152
9	13,815	14,981	15,314	15,654	16,001	16,355	16,716	17,084	17,459	17,842	18,232	18,630	19,442
10	14,851	16,095	16,451	16,814	17,184	17,561	17,946	18,339	18,739	19,147	19,564	19,989	20,856
11	15,983	17,313	17,693	18,080	18,475	18,878	19,289	19,708	20,136	20,572	21,017	21,471	22,397
12	17,237	18,661	19,068	19,483	19,906	20,338	20,778	21,227	21,685	22,152	22,629	23,115	24,107
13	18,613	20,140	20,576	21,021	21,475	21,938	22,410	22,892	23,383	23,884	24,395	24,917	25,981
14	20,339	21,996	22,470	22,953	23,446	23,949	24,462	24,985	25,518	26,062	26,617	27,183	28,338
15	22,137	23,930	24,442	24,964	25,497	26,041	26,595	27,161	27,738	28,326	28,926	29,538	30,787
16	24,157	26,102	26,658	27,225	27,803	28,393	28,994	29,607	30,233	30,871	31,522	32,186	33,541
17	26,342	28,451	29,054	29,669	30,296	30,936	31,588	32,253	32,932	33,624	34,330	35,050	36,519
18	28,758	31,049	31,704	32,372	33,053	33,748	34,457	35,180	35,917	36,669	37,436	38,218	39,814
19	31,412	33,903	34,615	35,341	36,081	36,836	37,606	38,392	39,193	40,010	40,844	41,694	41,694
20	34,310	37,019	37,793	38,582	39,387	40,208	41,046	41,901	42,773	43,662	44,569	44,569	44,569
21	37,498	40,447	41,290	42,149	43,026	43,920	44,832	45,762	46,711	47,679	47,679	47,679	47,679
22	40,996	44,208	45,126	46,062	47,017	47,991	48,984	49,997	51,031	51,031	51,031	51,031	51,031
23	44,824	4											

[illegible]

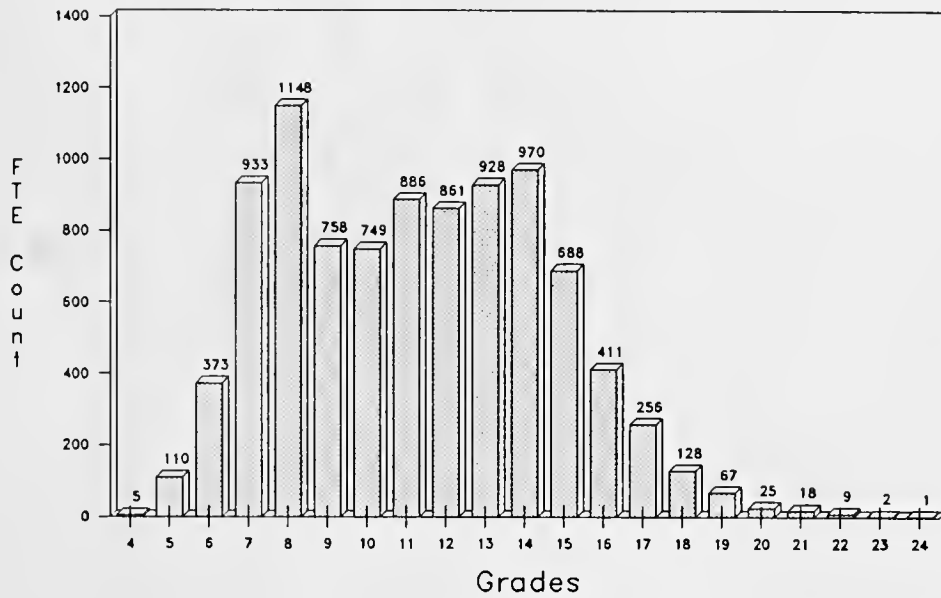
PAY PLAN

Table 3 and the following two graphs show the number of FTE budgeted at each grade and step on the statewide pay matrix for FY90.

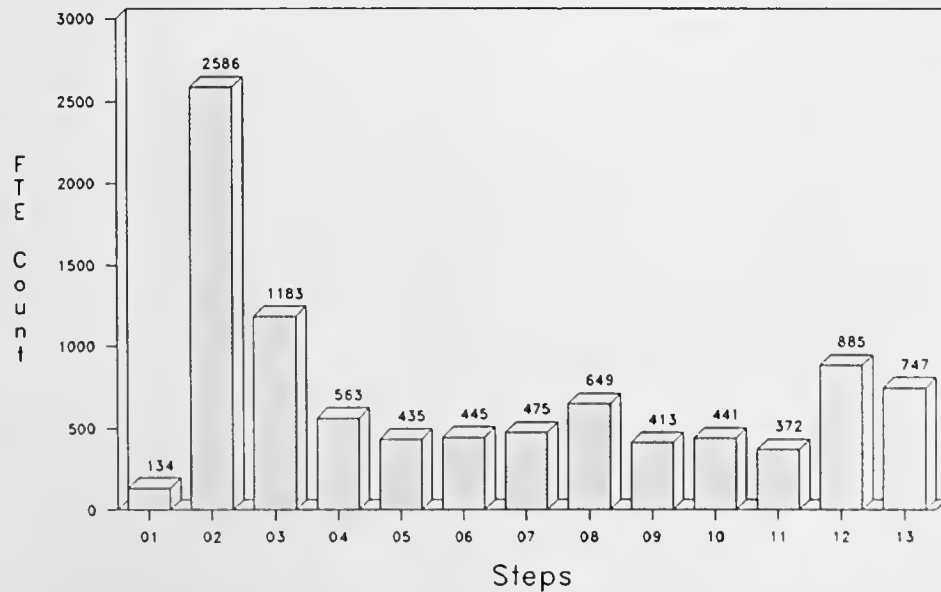
Table 3
Statewide Salary Matrix
FTE Frequency Distribution

Grade	Step 01	Step 02	Step 03	Step 04	Step 05	Step 06	Step 07	Step 08	Step 09	Step 10	Step 11	Step 12	Step 13	Total By Grade
01														
02														
03														
04	2.34	2.75												5.09
05	17.24	60.03	9.10	7.82	2.89	2.51	2.21	1.17	1.39	1.69	1.00	1.00	2.00	110.05
06	9.70	190.71	52.42	23.09	11.51	17.80	10.50	11.70	7.12	5.25	4.00	12.00	17.00	372.80
07	29.62	398.58	153.94	40.67	43.03	46.45	43.74	48.42	23.55	19.87	11.55	25.45	48.27	933.14
08	44.82	413.20	184.88	74.97	56.30	43.10	56.35	66.10	38.00	47.00	22.96	31.00	69.50	1,148.18
09	7.69	230.68	91.25	70.26	54.75	59.46	47.30	55.22	24.75	31.00	17.25	25.18	43.00	757.79
10	0.75	193.71	132.96	53.00	43.48	41.11	43.09	53.35	37.60	25.20	17.00	49.75	57.84	748.84
11	21.04	212.30	120.60	80.50	35.00	42.96	56.00	70.00	49.00	33.75	24.50	95.50	45.00	886.15
12		226.90	105.07	51.80	39.50	38.98	54.40	70.00	50.25	55.50	40.50	87.53	41.00	861.43
13	0.50	205.21	129.50	54.61	55.25	36.30	39.30	77.00	51.50	59.90	53.50	120.15	45.70	928.42
14		223.97	93.87	47.28	35.83	46.50	48.00	65.50	44.00	55.03	54.48	176.67	79.30	970.43
15		124.50	48.75	30.50	25.50	27.00	37.00	59.00	32.00	42.50	56.50	118.00	87.00	688.25
16		53.50	26.00	11.00	15.00	11.30	18.00	33.75	24.50	24.00	29.00	73.00	91.75	410.80
17		30.50	21.83	10.00	9.00	16.00	6.00	14.00	11.00	20.00	27.00	33.00	58.00	256.33
18		11.00	5.00	3.00	4.00	6.00	7.00	12.00	8.00	13.00	5.00	20.00	34.00	128.00
19		2.60	7.00	3.00	3.00	5.00	4.00	4.00	6.00	2.40	6.00	8.00	16.00	67.00
20		1.00	1.00			2.00	2.00	5.00	2.00			3.00	9.00	25.00
21		2.00				2.00		2.00	1.00	3.00	2.00	3.00	3.00	18.00
22		1.00			1.00	1.00		1.00	1.00	2.00		2.00		9.00
23				1.00								1.00		2.00
24		1.00												1.00
25														
Totals	133.70	2,585.14	1,183.17	562.50	435.04	445.47	474.89	649.21	412.66	441.09	372.24	885.23	747.36	9,327.70

State Salary Matrix
FTE Frequency Distribution By Grade



State Salary Matrix
FTE Frequency Distribution By Step



Salaries of Elected and Appointed Officials

The Executive Budget recommends that the salaries of elected and appointed officials also be increased by 1.5% each year of the biennium plus the increases in insurance contribution. Table 4 lists the current and proposed salaries, excluding insurance, for elected and appointed officials.

Table 4
Elected and Appointed Officials
Current and Proposed Salaries
Excluding Insurance

Title	FY89 Salary	FY90 Salary	FY91 Salary
Governor	\$50,452	\$51,209	\$51,977
Lieutenant Governor	36,141	36,683	37,233
Supreme Court			
Chief Justice	51,722	52,498	53,285
Justices	50,452	51,209	51,977
Attorney General	46,016	46,706	47,407
State Auditor	33,342	33,842	34,350
Supt. of Public Instruction	39,672	40,267	40,871
Public Service Commission			
Chairman	37,363	37,923	38,492
Commissioner	36,141	36,683	37,233
Secretary of State	33,342	33,842	34,350
Clerk of Supreme Court	32,401	32,887	33,380
District Court Judges	49,178	49,916	50,664
Commissioner Political Practices	27,655	28,070	28,491
State Tax Appeal Board			
Chairman	28,373	28,799	29,231
Members	27,635	28,050	28,470
Legislators (90 day session, not including \$5,400 per diem)	\$ 4,692	\$ 4,762	\$ 4,834

"Unified Pay Plan" History

Prior to January 1, 1975, the State of Montana did not have a unified pay plan. Pay systems were decentralized within various agencies. Because of this decentralization, many persons performing similar jobs were compensated at substantially different pay levels. This fragmented system made it extremely difficult to set budget levels, compare past wage data and project future budget requirements.

The 1973 Legislature directed the Department of Administration to develop a wage and salary plan for consideration by the 1975 Session. HJR37 of the 1975 Session adopted the first state-wide pay matrix for classified employees. The Public Sector Collective Bargaining Act was also adopted by the 1975 Session.

Table 5 shows the number of collective bargaining units, number of employees that are organized for collective bargaining, total number of employees and the percent of employees that are organized for collective bargaining for the past 15 years. University System bargaining units and employees are not included.

Table 5
Collective Bargaining
Historical Data

Fiscal Year	Number of Units	Number of Employees	Total Employees	Percent Organized
1974	33	4,194	9,397	44.6%
1975	37	4,429	9,983	44.4%
1976	51	4,940	11,279	43.8%
1977	53	4,940	12,048	41.0%
1978	57	5,689	11,924	47.7%
1979	62	5,958	11,401	52.3%
1980	67	5,665	11,345	49.9%
1981	71	5,657	11,427	49.5%
1982	72	5,082	10,670	47.6%
1983	77	5,105	10,523	48.5%
1984	68	5,148	10,475	49.1%
1985	71	5,458	10,585	51.6%
1986	74	5,659	10,953	51.7%
1987	72	5,487	10,827	50.7%
1988	75	5,559	10,700	52.0%

Pay Matrix History

Since the inception of the statewide pay plan each legislative session has provided for matrices for classified employees. However, the 1981 Session delegated the authority to the Department of Administration to set the matrix by rule. The 1987 Session gave similar authority for the institutional teachers matrix for the 1989 biennium.

Pay increases have varied by grade and step. Lower grade employees have been given larger percentage increases in some bienniums. In some cases a flat dollar increase has been added to a percent increase. The effect of these pay practices has resulted in giving a larger percentage raise to lower salaried employees. Over time, this has compressed the pay matrix, reducing the difference in pay between grades. The pay compression has created pressure to alleviate problems such as supervisors being paid less than the employees they supervise and has caused difficulty in recruiting for higher graded positions.

Table 6 was prepared by the Personnel Division of the Department of Administration and shows the percentage growth in pay for three salary grades since FY76. It also shows the percentage growth in the CPI for the same period.

Table 6
Sample of Percent Salary Increases From Previous Fiscal Years
Includes Step Increases
Excludes Insurance Contribution

Grade	FY75 Step																
		FY76	FY77	FY78	FY79	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89	FY90	FY91
8	1	7.5%	6.5%	7.2%	7.4%	6.5%	8.0%	13.1%	13.1%	3.9%	4.0%	2.3%	4.2%	0.0%	0.0%	1.5%	1.5%
8	7	7.5%	6.7%	6.6%	6.8%	6.2%	8.1%	10.8%	10.7%	3.4%	2.4%	2.3%	2.0%	0.0%	0.0%	1.5%	1.5%
8	13	5.0%	4.1%	4.9%	5.2%	5.5%	5.8%	10.8%	10.7%	3.4%	2.4%	2.3%	2.0%	0.0%	0.0%	1.5%	1.5%
12	1	7.4%	6.5%	5.8%	5.9%	5.8%	7.1%	11.5%	11.5%	3.8%	3.8%	1.7%	3.7%	0.0%	0.0%	1.5%	1.5%
12	7	7.5%	6.4%	5.3%	5.5%	5.1%	7.2%	9.2%	9.2%	3.3%	2.7%	1.7%	1.5%	0.0%	0.0%	1.5%	1.5%
12	13	5.0%	4.1%	3.6%	3.8%	4.3%	5.0%	9.2%	9.2%	3.3%	2.7%	1.7%	1.5%	0.0%	0.0%	1.5%	1.5%
16	1	7.0%	6.0%	4.7%	4.8%	6.7%	7.1%	10.7%	10.8%	3.7%	3.8%	1.6%	3.5%	0.0%	0.0%	1.5%	1.5%
16	7	6.8%	5.8%	4.5%	4.6%	9.1%	7.1%	8.5%	8.5%	3.2%	2.2%	1.6%	1.4%	0.0%	0.0%	1.5%	1.5%
16	13	5.0%	4.1%	3.6%	3.7%	8.0%	5.0%	8.5%	8.5%	3.2%	2.2%	1.6%	1.4%	0.0%	0.0%	1.5%	1.5%
CPI		5.4%	6.8%	7.7%	11.3%	13.1%	10.8%	6.4%	2.5%	4.2%	3.6%	1.6%	3.9%	4.1%	4.4%	4.8%	5.1%

Group Benefits History

The state group insurance program provides state employees and their dependents with medical, dental and life insurance. State law requires that state retirees be allowed to participate in the state run program. In addition, federal law, the Consolidated Omnibus Budget Reconciliation Act (COBRA), mandates that coverage under the state's insurance program be provided to certain employees such as terminated employees, employees that quit, employee's dependents and employees spouses or former spouses. The length of time that coverage is mandated under COBRA is generally eighteen months, but may be up to thirty-six months.

The state contribution to pay for these benefits is considered part of the pay plan and is negotiated as such. Table 7 lists the state contribution level since FY78 and the proposed contribution level for FY90 and FY91.

Table 7
Employer Contribution History

Fiscal Year	Monthly Contribution	Annual Contribution
1978	\$ 20	\$ 240
1979	\$ 30	\$ 360
1980	\$ 50	\$ 600
1981	\$ 60	\$ 720
1982	\$ 70	\$ 840
1983	\$ 80	\$ 960
1984	\$ 90	\$1,080
1985	\$100	\$1,200
1986	\$105	\$1,260
1987	\$115	\$1,380
1988	\$115	\$1,380
1989	\$115	\$1,380
* 1990	\$125	\$1,500
* 1991	\$140	\$1,680

* Proposed state contribution rates

Prior to 1979, individual agencies were allowed to provide their own health insurance plans. These plans had varying

costs and benefit levels. Beginning April, 1979, the state adopted unified health coverage and purchased insurance from private carriers. In FY81, the state began limited self-insurance with a "minimum premium plan." That plan allowed the state to build up cash reserves and start full self-insurance in FY83.

Premiums charged to participants in the insurance plan have not been substantially increased in over four years. The last premium increase occurred on September 1, 1986, and was a modest \$5 per month across the board. Premiums were intentionally not increased during the 1988-89 biennium pay freeze with the intent that any losses would draw down the self-insurance reserve fund.

The past two plan years have seen increases in the claims payments made by the group plan of nearly twenty percent each year. Plan year 1986-87 claims totaled \$16.6 million. Plan year 1987-88 claims totaled \$19.4 million. Claim payments are expected to increase approximately fifteen percent each year of the 1990-91 biennium.

State contribution levels must be increased in the coming biennium to maintain the plan on an actuarial sound basis. As of September 1, 1988, there was an unallocated reserve in the insurance fund of \$9.1 million. This reserve will not allow current benefit levels to continue through the next biennium without an increase in contributions. In addition to the proposed increase in state contribution levels, a combination of cost containment, benefit reductions and increased cost sharing for employees may have to be implemented during FY90-91 to maintain the plan on an actuarial sound basis.

Table 8 shows the group benefit programs actual income, expenditures, operating excess or (loss), total reserve, required reserve and unallocated reserve since September of 1981, and projections for years 89, 90 and 91. The required reserve is the amount of reserve that is allocated for claims that have been incurred by the member but not yet processed for payment and for claims fluctuation. The projections for FY90 and FY91 include the proposed increase in the state contribution, but do not include any cost containment measures, benefit reductions or increased cost sharing for employees. If a combination of these measures are adopted, the projected plan losses may be reduced.

Table 8
Self-insured Group Health Insurance Program
Income and Expenses
Millions

	9-1-81 to 8-31-82	9-1-82 to 8-31-83	9-1-83 to 8-31-84	9-1-84 to 8-31-85	9-1-85 to 8-31-86	9-1-86 to 8-31-87	9-1-87 to 8-31-88	Pro- jected* 9-1-88 to 8-31-89	Pro- jected* 9-1-89 to 8-31-90	Pro- jected* 9-1-90 to 8-31-91
Income	\$11.574	\$12.782	\$14.965	\$17.263	\$17.600	\$20.278	\$20.579	\$20.429	\$21.687	\$23.616
Expenses	\$ 991	\$12.030	\$11.967	\$13.627	\$14.668	\$18.587	\$21.654	\$24.838	\$28.552	\$32.865
(Loss) or Excess	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 1.075	\$ 4.409	\$ 6.865	\$ 9.249
Total Reserve	\$ 6.388	\$ 7.140	\$10.138	\$13.774	\$16.706	\$18.397	\$17.322	\$12.913	\$ 6.048	\$-3.201
Required Reserve		\$ 4.601	\$ 4.884	\$ 5.571	\$ 5.974	\$ 7.061	\$ 8.212	\$ 9.485	\$10.973	\$12.702
Unallocated Reserve		\$ 2.539	\$ 5.254	\$ 8.203	\$10.732	\$11.336	\$ 9.110	\$ 3.428	\$ 0.000	\$ 0.000

* The projected deficit to reserve is taken from the September 21, 1988 estimate made by Martin E. Segal Company. This company provides actuarial services for the state's group benefits plan. Projections include increases in monthly state contributions expected to be negotiated through collective bargaining of \$10 in FY90 and \$15 in FY91.

The school foundation program is increased by 2% in each year of the biennium. Primarily because of declining state-wide taxable valuation, \$34.754 million is necessary just to maintain the existing schedules. The 2% annual increases recommended in this budget require an additional \$16.745 million. The total cost is \$51.499 million.

The budget proposes to fund the increases to the Foundation Program, by allocating coal tax revenues from the Coal Board, and the coal tax revenues that would otherwise be deposited to the Education Trust and the Park Acquisition Trust. In addition, the remainder of the Education Trust principal, \$9.575 million is appropriated to the Foundation Program in FY91. These allocations provide \$25.493 million dollars. A general fund appropriation of \$25.306 million is also recommended. (The remaining \$0.700 million is provided through increased earmarked revenues due to increased audit collections.)

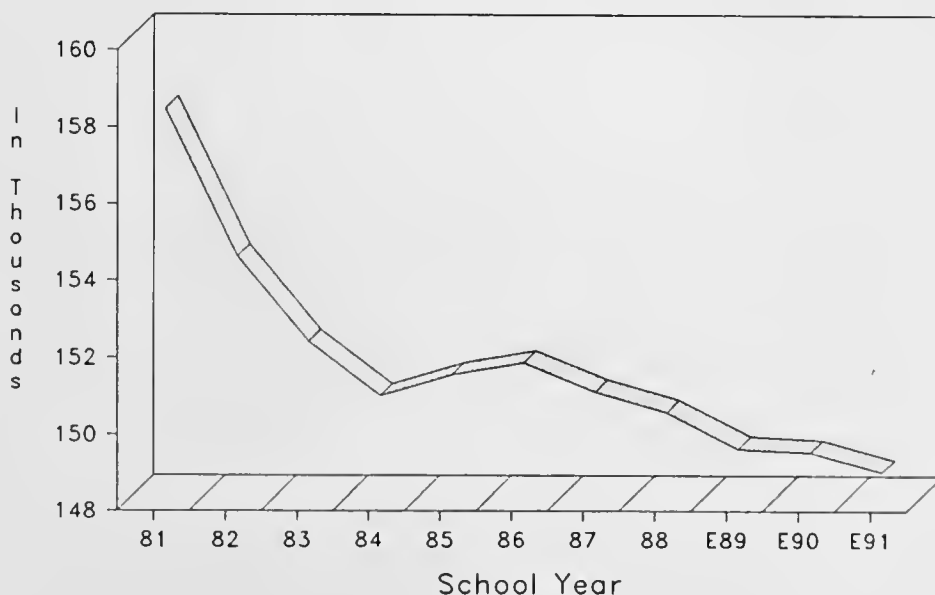
K-12 Enrollment

Public school enrollment has declined from 176,540 in FY76 to a projected 148,732 in FY91, nearly a 16% decline in K-12 enrollment. Enrollment should begin a modest increase in the years ahead because student numbers in elementary grades are increasing. In fact, other states with stable or growing populations are experiencing growing school enrollments. Growth in enrollment makes any proposed increase in foundation schedules more costly. Table 1 and the accompanying graph illustrate K-12 enrollment as measured by the "Average Number Belonging" for fiscal years 1976-1991. The FY89-91 data is estimated by the Office of Public Instruction.

Table 1
Public School
Average Number Belonging (ANB)
Actual & Projected

Fiscal Year	K-12 ANB
75	176,540
76	174,451
77	171,929
78	170,117
79	167,651
80	163,276
81	158,175
82	154,331
83	152,105
84	150,705
85	151,246
86	151,565
87	150,811
88	150,278
89	149,337
90est	149,240
91est	148,732

Montana Public Schools
K-12 Average Number Belonging (ANB)

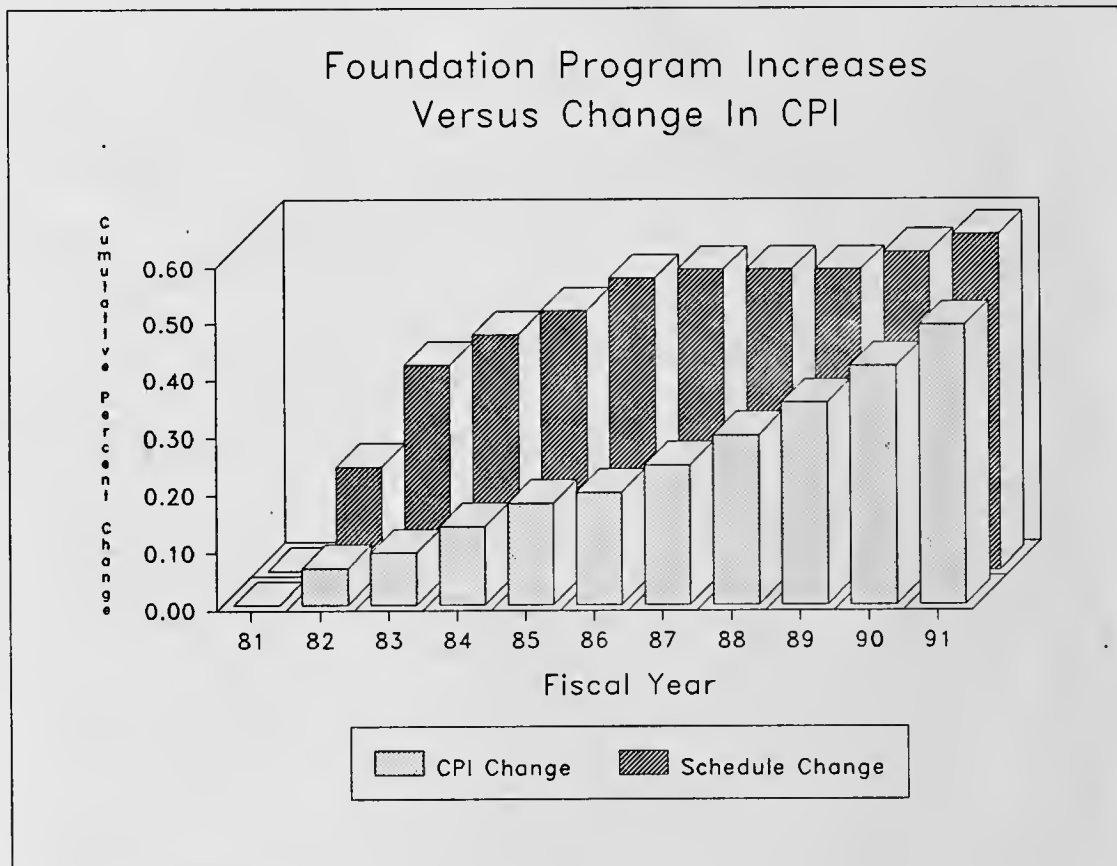


Foundation Schedules and CPI

Foundation Program schedules have more than kept pace with inflation since FY81. Table 2 and the accompanying graph illustrate the growth in the Consumer Price Index and the School Foundation Program schedules from FY81-91. During that ten year span the Consumer Price Index has increased by 48.75% while foundation schedules have increased by 58.86%.

Table 2
Historical Percentage Changes
Foundation Schedules & CPI
Actual & Projected

Fiscal Year	CPI % Change	% Change Schedules
82	6.44	18.00
83	2.46	15.00
84	4.20	4.00
85	3.55	3.00
86	1.58	4.00
87	3.93	1.00
88	4.13	0.00
89	4.40	0.00
90	4.80	2.00
91	5.10	2.00
Cumulative Increase 1981-1991	48.75%	58.86%



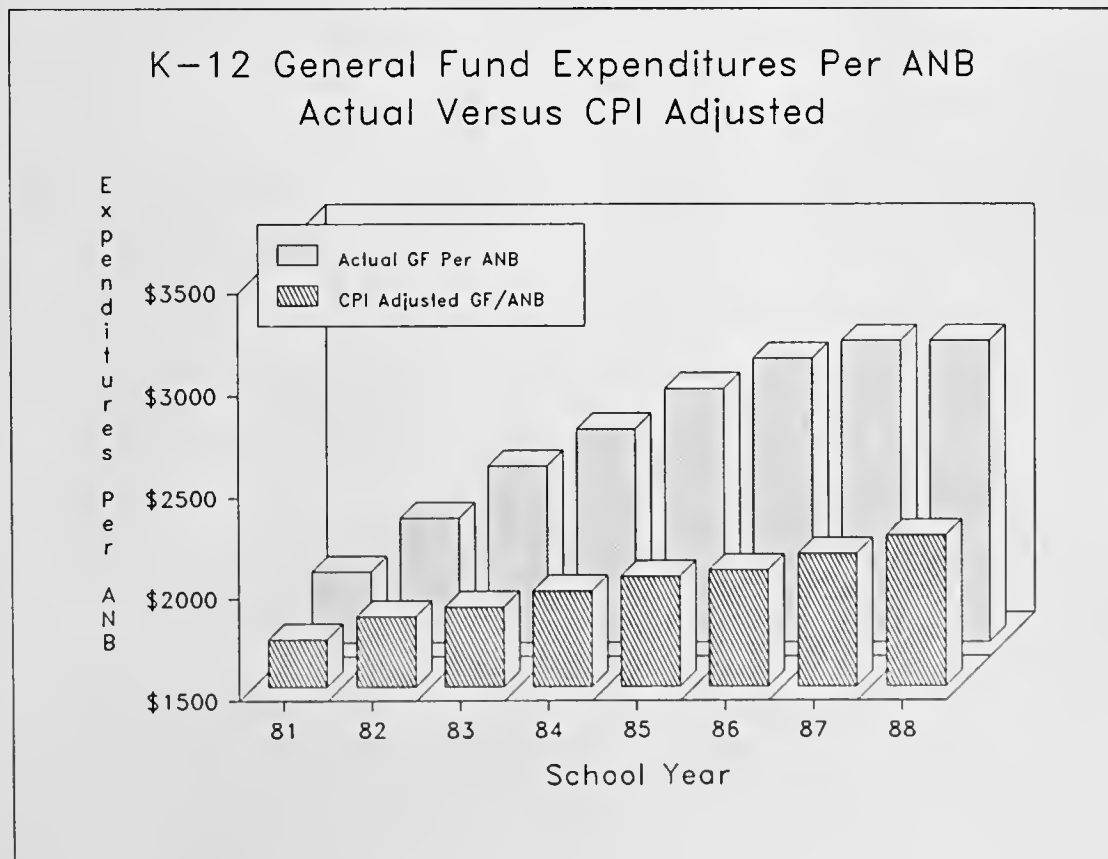
Public School Expenditures and CPI

Public school expenditures, and public school expenditures per student, have grown much faster than the Consumer Price Index. That is because local school districts have increased voted levy revenues faster than the CPI. Table 3

provides total local school district general fund spending from FY76 to FY88, the last year for which actual data is available. During that time period general fund spending grows by 137.7%, compared to a growth of 167% in the foundation schedules and 126.9% in the Consumer Price Index.

Table 3
General Fund Budget Growth
(Excluding Special Education)
With and Without CPI Indexing

Fiscal Year	K-12 ANB	General Fund Budget (w/o Special Ed)	General Fund Budget Per ANB	Budget Per ANB Indexed For CPI	General Fund Budget Indexed For CPI
76	174,451	188,527,638	1,081	1,081	188,527,638
77	171,929	208,777,042	1,214	1,155	198,492,421
78	170,117	225,002,686	1,323	1,243	211,523,298
79	167,651	239,952,391	1,431	1,383	231,929,344
80	163,276	262,598,445	1,608	1,565	255,534,586
81	158,175	292,294,064	1,848	1,733	274,187,801
82	154,331	326,251,222	2,114	1,845	284,753,008
83	152,105	360,972,722	2,373	1,890	287,549,749
84	150,705	384,622,539	2,552	1,970	296,869,022
85	151,246	415,980,554	2,750	2,040	308,511,404
86	151,565	438,949,244	2,896	2,072	314,046,861
87	150,811	449,636,009	2,981	2,153	324,765,195
88	150,278	448,077,389	2,982	2,242	336,982,800



Foundation Program Costs and Revenues

Foundation Program earmarked revenues and total expenditures are presented in Table 4 for FY88-91 and represented in the graph for FY76-91. The Foundation Program has required a general fund appropriation every year since its inception 1949, except in fiscal years 1988 and 1989. In those two years \$34 million of the principal of the Education Trust was appropriated instead of general fund.

Foundation Program earmarked revenues are much more sensitive to changes in oil prices, coal prices and interest

rates than in the state's general fund. In times of escalating oil, gas, and coal prices earmarked revenues generated enough revenue to provide for significant increases in the Foundation Program. Since the downturn in oil prices in the fall of 1984 the opposite has been true. Statewide mill value has declined from \$2.233 million in FY84 to \$1.869 million in FY91, a 16.3% decline. That decline has removed \$20 million from the FY91 Foundation Program revenues through loss of mandatory and permissive levy revenues, funds which have to be made up with general fund.

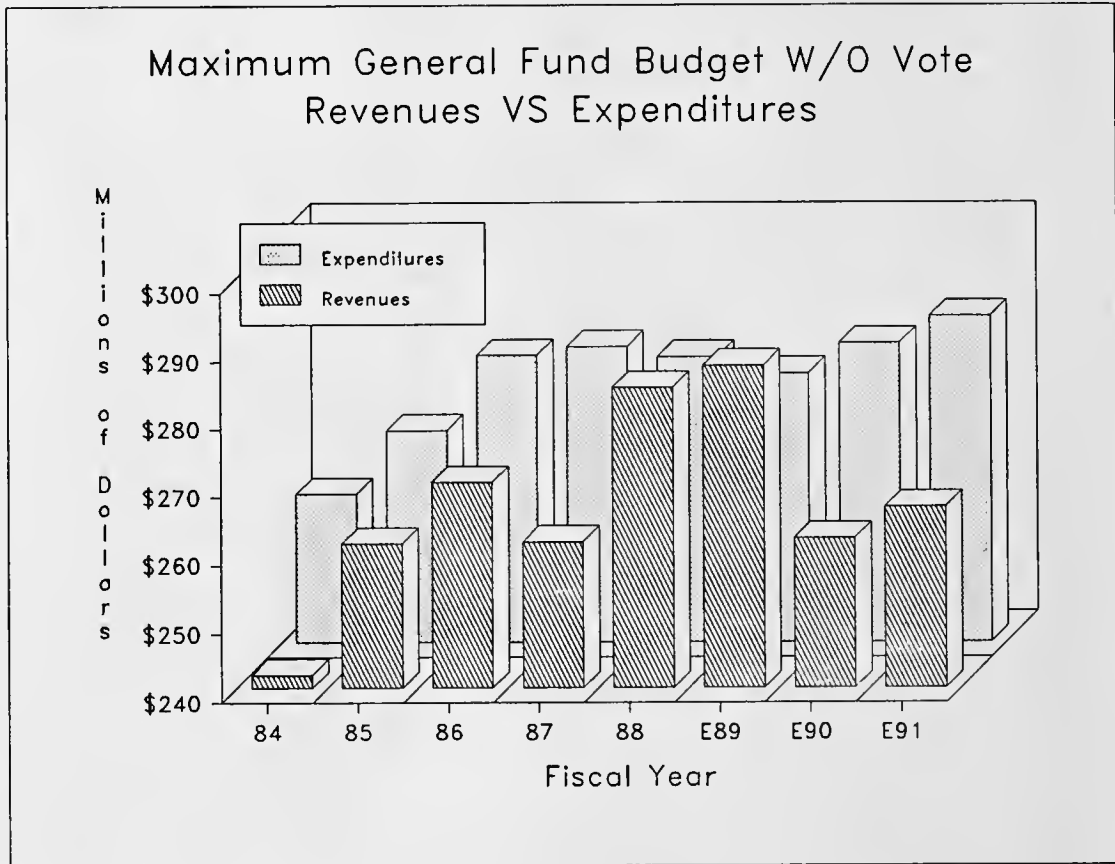


Table 4
Foundation Program Revenue Estimates
Current Law Status
(In Millions)

Revenue Component	Actual FY 1988	Estimated FY 1989	Estimated FY 1990	Estimated FY 1991	Estimated FY 88-89	Estimated FY 90-91
State Revenue	76.494683	77.104000	76.042000	80.908000	153.598683	156.950000
Income Tax						
Corporation Tax	10.557529	11.209000	11.271000	11.332000	21.766529	22.603000
Coal Severance Tax	14.215851	9.781000	2.010000	1.736000	23.996851	3.746000
Interest & Income	34.078544	32.465000	33.485000	34.353000	66.543544	67.838000
Us Oil & Gas Royalties	26.327798	23.524000	22.686000	23.494000	49.851798	46.180000
Education Trust Interest	3.430171	0.825000	0.926000	1.148000	4.255171	2.074000
Miscellaneous Revenue	9.350000	24.650000	0.000000	0.000000	34.000000	0.000000
County Levy Surplus	10.558855	0.000000	0.000000	0.000000	10.558855	0.000000
Total State	\$185.013431	\$179.558000	\$146.420000	\$152.971000	\$364.571431	\$299.391000
Statewide Taxable Value	1,977.891006	1,942.914000	1,899.969000	1,869.831000	NA	NA
County Revenue						
Mandatory Levy	78.446240	87.431000	85.499000	84.142000	165.877240	169.641000
Elementary Trans.	-3.725853	-3.717000	-3.717000	-3.717000	-7.442853	-7.434000
Cash Reappropriated	1.699658	1.566000	2.487000	3.126000	3.265658	5.613000
Forest Funds	1.464581	1.465000	1.465000	1.465000	2.929581	2.930000
Taylor Grazing	0.102104	0.102000	0.102000	0.102000	0.204104	0.204000
Miscellaneous Revenue	4.310324	4.310000	4.310000	4.310000	8.620324	8.620000
High School Tuition	-0.838280	-0.838000	-0.838000	-0.838000	-1.676280	-1.676000
Total County	\$81.458774	\$90.319000	\$89.308000	\$88.590000	\$171.777774	\$177.898000
District Revenue						
Permissive Levy	16.402650	16.113000	15.756000	15.507000	32.515650	31.263000
Miscellaneous Revenue	1.124619	1.227000	1.371000	1.567000	2.351619	2.938000
Total District	\$17.527269	\$17.340000	\$17.127000	\$17.074000	\$34.867269	\$34.201000
Total State,County,District	\$283.999474	\$287.217000	\$252.855000	\$258.635000	\$571.216474	\$511.490000

Governor's Executive Budget Proposal
Foundation Program Revenue Adjustments
(In Millions)

Revenue Component	Actual FY 1988	Estimated FY 1989	Estimated FY 1990	Estimated FY 1991	Estimated FY 88-89	Estimated FY 90-91
State Revenue	\$0.000000	\$0.000000	\$0.435000	\$0.659000	\$0.000000	\$1.094000
Income Tax						
Coal Severance Tax	0.000000	0.000000	8.540000	7.378000	0.000000	15.918000
Education Trust Interest	0.000000	0.000000	-0.082000	-0.312000	0.000000	-0.394000
Total Adjustments	\$0.000000	\$0.000000	\$8.893000	\$7.725000	\$0.000000	\$16.618000
Total Plus Adjustments	\$283.999474	\$287.217000	\$261.748000	\$266.360000	\$571.216474	\$528.108000

SCHOOL FOUNDATION PROGRAM

Governor's Executive Budget Proposal Foundation Program Summary (In Millions)

	Actual FY 1988	Estimated FY 1989	Estimated FY 1990	Estimated FY 1991	Estimated FY 88-89	Estimated FY 90-91
Schedule Increase in Percent	0.00%	0.00%	2.00%	2.00%	NA	NA
Beginning Fund Balance	(\$0.000097)	\$1.022000	\$8.793000	\$0.003000	\$0.000000	\$8.793000
Estimated Revenue	274.649474	262.567000	261.748000	266.360000	537.216474	528.108000
General Fund Transfer	0.000000	0.000000	13.384000	11.922000	0.000000	25.306000
Education Trust Transfer	9.350000	24.650000	0.000000	9.575000	34.000000	9.575000
Total Revenue	\$283.999474	\$287.217000	\$275.132000	\$287.857000	\$571.216474	\$562.989000
Total Available	\$283.999377	\$288.239000	\$283.925000	\$287.860000	\$571.216474	\$571.782000
Maximum General Fund Budget Without Vote	\$281.885967	\$279.446000	\$283.922000	\$287.856000	\$561.331967	\$571.778000
Adjustments	(\$1.091512)	\$0.000000	\$0.000000	\$0.000000	(\$1.091512)	\$0.000000
Ending Fund Balance	\$1.021898	\$8.793000	\$0.003000	\$0.004000	\$8.792995	\$0.004000

"The Loble Decision"

One of the major issues facing the 1989 legislature is the Loble decision which held that Montana's current public school financing system violates Montana's Constitution because it denies students both equal protection of the laws and equality of educational opportunity. The decision gave the legislature until October 1, 1989 to correct these deficiencies. This decision is currently being appealed to the Montana Supreme Court. A decision is not expected until the 1989 legislative session is underway.

The Foundation Program Budget is presented under current law. Both the Executive Budget and the Office of Public

Instruction have recommended changes in the Foundation Program to address the Loble decision. Both of them recommend that any changes be implemented in FY91, leaving the existing School Foundation Program intact in FY90. Because school districts have to adopt FY90 budgets and submit proposed levies for voter approval prior to the end of the 1989 session it difficult for the legislature to resolve the issue in time for a FY90 implementation.

Table 5 compares the existing School Foundation Program with the recommendations of the Governor's Public School Financing Advisory Council. The detailed recommendations and the estimated impact by school district are published in a companion document.

Table 5
Comparison of the Existing
School Foundation Program
and the Public School Finance
Advisory Council's Proposal

Current	Proposed
17 separate funds, reserves for each one.	Two funds, the general fund and a capital improvement fund, separate reserves for each
County Levy for retirement, Lottery revenue earmarked for retirement	Part of the Foundation Program
District levy for comprehensive insurance	Part of the Foundation Program
Separate tuition account	No tuition charges. Students are counted in school they attend.
Mandatory 45 mill county levy	Statewide 140 mill levy, earmarked for the foundation program.
Permissive levies for elementary and high school	No permissive levies.
Voted levies unlimited (except for 1-105)	Voted levies limited by expenditure cap. Amendment to 1-105 required.
State revenue sources earmarked for foundation program	No change, except for lottery revenues added to foundation program.
No limit on expenditures	Expenditures statutorily limited by size of school. Foundation Program provides 85% of allowable expenditures, cap set at 117% of foundation payment.
Separate reserve limit for each fund, no penalty for exceeding statutory amount	Limit of 20% on general fund reserves, after phase in excess must be either cash reappropriated or foundation revenue. Appeal procedure provided to OPI. No limit for capital account.
Foundation program schedules	No change in the structure of the schedules. Adjustments made in amount to account for proposal.
Minimum 180 day school year with no maximum	No change
Payments based on "Average Number Belonging"	Payments based on actual number of students "Average Daily Attendance"
Capital Improvements not equalized	No change, but improvements should be equalized. Proposal should be prepared for 1991 session that would include state equalization and participation.
Transportation program separate	Transportation funds allocated based on density factor. Payment is part of the Foundation Program and subject to the expenditure cap. Statewide levy, no county or district levy outside of general fund.
Special Education separate appropriation from the state, but part of school general fund. Separate accounting and oversight by OPI.	No change
Elementary and High School Districts may be separate	Unified High School Districts
PL-874 Funds not counted as a resource for equalization	PL-874 funds counted as a resource only when equity level reaches federal test
No special provision for Native American students	Native American students counted at 1.25 for foundation payments when 874 equity test reached.

The executive budget recommends \$15,799,926 of general fund supplemental appropriations in fiscal year 1989. If Montana's fire season would have been normal in 1988 the supplemental request would have been the lowest in twelve years.

Table 1 summarizes the supplementals recommended by the executive budget.

Department of State Lands

Forestry - Fire Suppression

General Fund - \$11,465,224. Because of the difficulty of estimating fire suppression costs the legislature has adopted the policy of paying for past fire costs by supplemental appropriation. These costs cover the 1987 and 1988 fire season. The 1988 fire season was the worst in Montana history in terms of state general fund fire suppression costs.

There will be \$800,000 of state expenses reimbursed by the federal government. That amount of money will show up as additional general fund revenue in FY89.

Social and Rehabilitative Services:

Assistance Payments

General Fund - \$2,516,385. Caseload growth has been as rapid as expected following the 1987 session. The department has been able to absorb some of the costs of the underfunding of the assistance payment level and the loss of the lawsuit regarding eyeglasses, hearing aids and dentures. The department will use its program transfer authority to reduce the size of the supplemental. Assistance payments will need \$1,157,280 and Medical Assistance will need \$1,359,105 to fund mandated benefits.

University System:

Board of Regents Travel

General Fund - \$12,000. This supplemental will cover additional travel and per diem for the Board of Regents. FY88 costs are \$5,000, FY89 costs increase to \$7,000.

Out-of-State Tuition

General Fund - \$583,762. Out-of-State tuition did not meet the estimates contained in the appropriation bill. The supplemental request is to provide general fund for tuition revenue that was not received. The University of Montana shortfall is \$274,691. The estimated Montana State University amount is \$309,071.

Millage Account

General Fund - \$544,325. The supplemental would allow the university system to repay a general fund loan so that the "6 mill account" would have a zero fund balance at the end of the biennium. Property tax collections have not met the appropriation level for the six mill levy account. The university system has taken out a general fund loan to maintain their expenditure level rather than reducing expenses.

State Auditor:

Equipment Purchase - Audit Division

General Fund - \$19,115. The State Auditor was budgeted \$62,800 for purchase of a document processor. The bid was \$81,915. The Auditor's office does not believe that they can absorb any of the additional costs.

Montana State Library:

Grounds Maintenance Fees

General Fund - \$7,100. Through an oversight the State Library was not budgeted for grounds maintenance fees in the 1989 biennium. The Library did absorb the costs in FY88 without a supplemental, but requests a supplemental of \$7,100 in FY89.

Department of Revenue:

Child Enforcement Division

Federal Funds - \$92,315. The Department of Revenue requests a federal funds supplemental of \$92,315 to provide additional automation to the Child Enforcement Division. Federal funds must be matched with general fund in a 68:32 ratio. The department was "overmatched" in FY89 and would use money appropriated in FY89 for the match. Denial of the supplemental would cause a reversion of \$29,660 of general fund. Additional responsibilities placed on the division by federal welfare reform and the possibility of sanctions against the state's AFDC grant make automation important.

Department of Agriculture:

Environmental Management Division

General Fund - \$37,281. The department is preparing a programmatic environmental impact statement on the public policy considerations that trigger the emergency designation by the Governor for grasshopper infestations. The Attorney General ruled on February 5, 1988 that such a designation by the Governor is a major state action under the Montana Environmental Policy Act. Preparation of the impact statement was not anticipated in the department's budget.

Department of Health and Environmental Sciences:

Licensing and Certification Bureau

Federal Funds - \$247,951. The department has added 4 FTE to meet additional federal requirements for medicaid and medicare certification. Based on current workload projections the existing general fund match should be sufficient. However, because of the agreement to budget one third of the costs as general fund, continuation of the FTE will require increased general fund in the 90-91 biennium.

Department of Institutions:

Montana Developmental Center

General Fund - \$200,000. The worker's compensation modification factor was higher than anticipated for the Montana Developmental Center. The department has used available resources to cover the costs of additional FTE required to meet medicaid certification requirements.

Montana State Hospital

Proprietary Funds - \$31,076. Higher than anticipated sales in the State Hospital's Canteen requires the addition of proprietary fund authority.

Montana State Prison

Proprietary Funds - \$181,616. Higher than anticipated prison population and sales require addition of proprietary fund authority.

Department of Justice:

County Attorney Payroll

General Fund - \$25,000. Three counties have switched from part time to full time status.

Law Enforcement Academy

SUPPLEMENTAL REQUESTS

S-37

General Fund - \$118,000. Delay in purchasing law enforcement academy buildings caused by legal action required the department to continue to have rent expenditures for which they were not budgeted.

Montana Supreme Court:

Operations Program

General Fund - \$11,025. The Committee on Character and Fitness of the State Bar needs the supplemental to conduct investigations. Fee revenue will be deposited to the general fund in a equal amount.

Department of Livestock:

Diagnostic Laboratory

General Fund - \$28,449, State Special Revenue Funds \$35,196. Increased workload at the diagnostic laboratory

and remodeling costs due to a request from MSU to vacate shared space cause the department to need supplemental funds.

Elected Officials Personal Staff:

General Fund - \$232,260, State Special Revenue Funds - \$65,683, Federal Funds - \$46,496. The executive budget recommends that the severance pay for the personal staff of elected officials be paid by a supplemental appropriation. Four of five statewide offices will have new elected officials. The payout for up to 15 personal staff will hamper the effectiveness of the new officials. To allow those individuals to select personal staff and start off without the burden of substantial payoffs a severance pay pool is proposed.

Table 1
Summary of Supplemental Requests
Fiscal Year 89

Agency	General Fund	State Special Revenue Funds	Proprietary Funds	Federal Funds
State Lands	\$11,465,224			
SRS	2,516,385			
University System	1,140,087			
State Auditor	19,115			
State Library	7,100			
Revenue				63,040
Agriculture	37,281			
Health				247,951
Institutions	200,000		212,692	
Justice	143,000			
Supreme Court	11,025			
Livestock	28,449	35,196		
Elected Officials	232,260	65,853		46,496
Totals	\$15,799,926	\$101,049	\$212,682	\$357,487

ACCOUNTING ENTITY UNOBLIGATED BALANCES

The 1987 Legislature enacted Section 17-2-111, MCA requiring the Department of Administration to perform a biennial review of all State and Other Special Revenue and Proprietary accounting entities. Section 17-2-111 (2), MCA, states that, "The department shall examine restrictions against the transfer of unobligated balances in the state and other special revenue accounts to the general fund. If such restrictions are considered unnecessary by the department and if they may be eliminated by administrative action, the department shall to the fullest extent possible eliminate such restrictions and require the transfer of unobligated balances in the accounts to be made to the general fund, either on an annual or biennial basis."

For the purpose of this review the Department of Administration defined "unobligated balance" to mean an accounting entity's unreserved fund balance, as opposed to its cash balance. Fund balance is defined as the excess of the assets of an accounting entity over its liabilities and reserves.

Table 1 lists the accounting entities and their FY88 ending fund balance that the Department of Administration identified to have unobligated balances that were available for transfer to the general fund.

Although the 1989 Legislature may wish to review this list prior to transfer, current law requires these transfers to be made at the end of FY89. The Executive Budget includes the transfer of these unobligated balances at the end of FY89.

The Legislative Council does not believe that an executive branch agency has the authority to transfer funds to the general fund from a legislative branch agency. The legislature clearly has the authority to make such a transfer. The Executive Budget recommends that legislative branch funds be treated in the same manner as executive branch agency funds.

Accounting Entities with Unrestricted Fund Balances Table 1

Accounting Entity	Administering Agency	FY88 Ending Fund Balance
02093-Westlaw	Judiciary	\$ 5,667
02464-Ag lien filing fees	Secretary of State	162,893
02047-Copying fees	Comm of Political Practices	519
02119-Crime control fees	Board of Crime Control	37
02013-Law enforcement academy	Department of Justice	16,719
02014-Justice insurance clearing acc	Department of Justice	0
02804-Escheated estates	Department of Justice	0
03141-I.D. Special services	Department of Justice	7,324
03944-Motor veh prop tax conversion	Department of Justice	14,420
02103-Public Service Commission	Public Service Commission	79,231
03014-Athletic program	School for Deaf & Blind	0
02059-EMT certification	Department of Health	- 711
02418-Subdivision plat review	Department of Health	51,289
02847-Insurance proceeds	Department of Health	56,941
03028-Legal services	Department of Health	3,361
03817-Rabies vaccine	Department of Health	6,162
02031-Foresters nursery	State Lands	88,043
02438-Floodway obstruction removal	DNRC	400
03036-Centralized services	DNRC	5,344
02441-Cigarette enforcement	Revenue	6,277
03902-Vehicle assessment	Revenue	4,059
02035-MDC donated fnds-prevoc center	Montana Developmental Center	0
02846-MDC canteen	Montana Developmental Center	0
02914-CFA canteen	Center for Aged	11,844
02917-MSP canteen	Montana State Prison	51,665
02918-SRYFC canteen	Swan River Youth Forest Camp	4,471
02919-SRYFC clothing account	Swan River Youth Forest Camp	37,168
02920-Veteran's home canteen	Montana Veteran's Home	326
03113-Third party reimbursement-MVH	Montana Veteran's Home	109,573
03932-MVH interest and income	Montana Veteran's Home	218
02921-MSH canteen	Montana Veteran's Home	59,247
03933-MSH interest and income	Montana Veteran's Home	0
02028-Prop occup admin services	Commerce	0
02079-Fireworks wholesalers	Commerce	520
02101-GA training	Labor and Industry	0
02011-Crime victims compensation	Workers Compensation	278,090
02915-Mountain View School canteen	Family Services	737
02916-Pine Hills School canteen	Family Services	3,336
03931-PHS interest and income	Family Services	63,967
02800-Reimbursable activities	Legislative Council	774,390
TOTAL		\$1,903,527

The Resource Indemnity Trust Fund (RIT) was established in 1973. Earnings from the RIT are to be used to "improve the total environment and rectify damage thereto" 15-38-203 MCA.

Funding to implement this policy is derived from a tax on mineral production and interest earnings to the established trust fund.

Section 15-38-202 MCA provides that once the trust fund reaches \$10 million, all earnings on the trust can be appropriated. The trust reached \$10 million in 1978. Once the trust reaches \$100 million both the interest and tax proceeds can be appropriated.

Trust fund earnings are earmarked for a number of different programs. The last three legislative sessions have changed the amounts of earmarking. The last three legislative sessions have also used some of the RIT monies to fund programs in DNRC, the Department of State Lands and Worker's Compensation that are consistent with the purpose for which the funds may be spent.

The executive budget proposes to continue the funding of programs in those three agencies. Funds which would otherwise be available to the reclamation and development grants account are to be used.

Table 1 shows the earmarking of RIT interest earnings for fiscal years 1987-1991.

Table 2 shows the history of the trust fund since its inception. The table provides historical data on tax collections, interest earnings, and trust fund balance. Estimates for fiscal years 1989, 1990 and 1991 are provided.

Table 3 presents the RIT earnings balance sheet for the 1989 and 1991 bienniums. Appropriations to agencies are listed under agency operations. Separate tables on the following pages list prioritized projects for the reclamation and development grants account, the renewable resource program and the water development program. A separate table found in the Department of Health's budget itemizes expenditures for the funds earmarked to DHES.

Table 1
RIT Earmarking
Fiscal Years 1987-91

Program	FY87	FY88	FY89	FY90	FY91
Water Development	30%	30%	30%	30%	30%
Hazardous Waste DHES	6%	12%	12%	12%	12%
Non-Super Fund DHES	0%	0%	0%	4%	4%
Renewable Resource Development - DNRC	0%	0%	0%	8%	8%
Reclamation and Development Grants	64%	58%	58%	46%	46%

Table 2
Resource Indemnity Trust Fund
Collections and Trust Fund Balance
Fiscal Years 1974-1991

Fiscal Year	Tax Collections	Interest Earnings	Total Revenue	Trust Fund Balance
FY74	\$1,137,902	\$3,483	\$1,141,385	\$1,141,385
FY75	\$2,050,037	\$96,031	\$2,146,068	\$3,287,456
FY76	\$1,981,363	\$283,377	\$2,264,740	\$5,552,291
FY77	\$2,209,719	\$475,082	\$2,684,801	\$8,232,247
FY78	\$2,246,415	\$696,050	\$2,942,465	\$10,646,851
FY79	\$2,107,358	\$908,982	\$3,016,340	\$12,574,209
FY80	\$3,630,322	\$1,175,530	\$4,805,852	\$16,204,531
FY81	\$4,959,025	\$1,607,667	\$6,566,692	\$21,165,464
FY82	\$7,159,153	\$2,294,265	\$9,453,418	\$28,328,946
FY83	\$7,822,036	\$3,789,855	\$11,611,891	\$36,181,889
FY84	\$6,716,089	\$4,225,130	\$10,941,219	\$42,986,128
FY85	\$6,278,740	\$5,526,373	\$11,805,113	\$47,396,179
FY86	\$5,992,270	\$6,487,967	\$12,480,237	\$53,039,675
FY87	\$3,821,952	\$7,208,545	\$11,156,000	\$56,861,627
FY88	\$4,979,333	\$6,149,783	\$11,129,116	\$61,750,961
FY89	\$4,593,000	\$6,454,000	\$11,047,000	\$66,343,961
FY90	\$4,584,000	\$6,859,000	\$11,443,000	\$70,927,961
FY91	\$4,324,000	\$7,244,000	\$11,568,000	\$75,251,961

RESOURCE INDEMNITY TRUST FUND

Table 3
Resource Indemnity Trust Fund
Income and Expenditures

	FY88	FY89	FY90	FY91
Income				
Balance From Prior Fiscal Year	\$1,292,188	\$880,840	\$0	\$0
DHES-Reversion	\$592,740		\$0	\$0
DHES-Grant Reversion	\$420,313		\$0	\$0
RIT Interest Income	\$6,340,000	\$6,454,000	\$6,859,000	\$7,244,000
Total Available	\$8,645,241	\$7,334,840	\$6,859,000	\$7,244,000
Expenditures				
Environmental Contingency Account	\$175,000	\$0	\$175,000	\$0
DNRC 30%; Water Development	\$1,901,000	\$2,077,800	\$2,005,200	\$2,173,200
DHES 12%; Superfund and Hazardous Waste	\$760,800	\$831,120	\$802,080	\$869,280
DHES 4%; Environmental Quality Protection Fund	\$0	\$0	\$267,360	\$289,760
DHES-Reversion Re-Approp.	\$592,740	\$0	\$0	\$0
DNRC 8%; Renewable Resources Development Program Administration Grants	\$0 0	\$0 0	\$210,100 \$324,620	\$210,000 \$369,520
DNRC 46%; Reclamation And Development Grants Program Grant Administration Grants	\$45,000 \$1,744,481	\$45,000 \$1,569,480	\$15,726 \$317,261	\$15,727 \$1,036,166
Silicosis	\$538,391	\$555,600	\$495,949	\$480,347
Clark Fork	\$84,613	\$90,000	\$0	\$0
DNRC Operations	\$1,342,864	\$1,261,128	\$1,955,125	\$1,200,000
DSL Operations	\$579,512	\$595,291	\$600,000	\$600,000
Total Expenditures	\$7,764,401	\$7,025,419	\$7,168,421	\$7,244,000
Balance	\$880,840	\$309,421*	\$0	\$0

*FY89 Balance is added to Reclamation Grants Program

The Reclamation and Development Grants account is funded from 46% of the interest income from the RIT trust, 15-38-202 MCA. Sections 90-2-1101-1121 MCA sets out the criteria and procedures for grants. Table 1 shows the

prioritized list of grants recommended as part of the executive budget. Separate legislation will be presented to appropriate the funds for projects and to establish legislative priorities.

Table 1
Reclamation and Development Grants
Fiscal Years 1990-1991

	Name of Applicant Project Name	Recommended Funding	Accumulative Total
1	Lewis and Clark Conservation District Blackfoot River Abandoned Mines	\$300,000	\$300,000
2	State Lands, Department of Elkhorn Creek Water Quality Improvement Project	\$300,000	\$600,000
3	State Lands, Department of Wood Chute Creek Basin Water Quality	\$300,000	\$900,000
4	Montana State University, Reclamation Research Unit Fate of Cyanide in Soils and Heap Leach Pads	\$168,687	\$1,068,687
5	Montana Bureau of Mines and Geology Land Application of Cyanide Leach Solutions	\$101,789	\$1,170,476
6	State Lands, Department of Middle Fork of Warm Springs Creek Reclamation Project	\$300,000	\$1,470,476
7	Butte-Silver Bow, Government of Public Lands Reclamation Project	\$120,060	\$1,590,536
8	Natural Resources and Conservation, Department of Conservation Districts Division Nonpoint Source Pollution Control in Montana	\$262,573	\$1,853,109
9	Toole, County of North Toole County Reclamation Project	\$299,040	\$2,152,149
10	Library, Montana State Montana Natural Heritage Program	\$197,607	\$2,349,756
11	Butte-Silver Bow, Government of Ophir Mine Reclamation Project	\$185,027	\$2,534,783

S-42 WATER DEVELOPMENT AND RENEWABLE RESOURCE DEVELOPMENT

Water Development Program

The water development loan and grant program was established in 1981 by the legislature. The purpose of the program is to promote and advance the beneficial use of water and allow the citizens of Montana to achieve full use of the state's water by providing grant and loan financing for water development projects.

Public entities, private individuals, partnerships and corporations may apply for financing. Grants and loans to public entities must be approved by the legislature while loans to private entities are approved by the DNRC Director.

Funding sources for the water development grant program are 0.625% of the gross proceeds of the coal severance tax and a portion of the 30% of the resource indemnity trust income earmarked for water development. As funds become available, they are disbursed to approved projects based upon priority ranking established by the legislature. The program has provided an average of \$1.4 million to 23 projects per biennium.

The loan program has a \$10 million general obligation bonding authority and a \$250 million coal severance tax bonding authority. To date, \$4.2 million in general obligation bonds have been sold to provide funds for, primarily, private irrigation projects. Twenty-nine million in coal severance tax bonds have been sold to provide loans to

public entities for irrigation and municipal water and sewer projects. In addition, \$25.3 million has been sold for the hydropower retrofit at the state owned Broadwater project at Toston.

Renewable Resource Development Program

The Renewable Resource Development Loan and Grant Program was established by the legislature in 1975 to provide financial assistance for the conservation, protection, and development of Montana's renewable resources.

The program is available to public entities only. All projects require legislative approval.

Grant funds are generated by 0.625% of the gross proceeds of the coal severance tax and 8% of the interest income from the resource indemnity trust fund. Grants are now limited to \$100,000. The program has provided an average of \$1.1 million to 12 projects per biennium.

The loan program has \$5 million bonding authority. To date, \$1.1 million in bonds have been sold to provide loan funds to approved projects.

Table 1 lists the water development and renewable resource development project recommendations. Projects are listed in priority order. Total funds estimated to be available for projects is \$1,422,931. Separate legislation will be presented to appropriate funds for projects and to establish legislative priorities.

Table 1
Water Development And Renewable Resource Development
Project Recommendations
Fiscal Years 1990-91

Applicant	Project Name	Recom- mended Funding	Accumula- tive Total
1 Gallatin Conservation District	E. Gallatin State Recreation Area	\$100,000	\$100,000
2 Flathead Basin Commission	Forest Practices/Water Quality Coop Program	25,000	125,000
3 Montana State Library	Mt Natural Resource Information System	99,806	224,806
4 Montana State Library	Montana Water Information System	45,510	270,316
5 Daly Ditches Irrigation District	Republican West Diversion Replacement	100,000	370,316
6 Montana State Library	Montana Natural Heritage Program	99,450	469,766
7 University of Montana	Management Guidelines/Riparian Site Types	41,733	511,499
8 Montana Rural Water System Inc.	Water System Technical Advisor	60,000	571,499
9 Beaverhead & Mile High Cd'S	Big Hole River Channel Stabilization	31,742	603,241
10 Agriculture, Montana Dept of	Monitor Ag Chemicals in Groundwater	93,550	696,791
11 Eastgate Village W & S Assoc.	Wastewater Pond Effluent Irrigation System	29,558	726,349
12 Flathead Valley Community Coll.	Outdoor Education and Conference Center	72,000	798,349
13 Park Conservation District	Park Branch Sediment Diversion	49,715	848,064
14 Cascade County	Sun Prairie Village Wastewater	50,000	898,064
15 Lewis and Clark County	Hydrogeologic Evaluation Of Helena Valley	100,000	998,064
16 State Lands, Dept of	Pilot Urban Forestry Project	60,000	1,058,064
17 Prairie County Conservation Dist	Watershed Demonstration/Management Practices	68,991	1,127,055
18 Carbon Conservation District	Rushwater Creek Erosion Control	100,000	1,227,055
19 Belgrade, City of	Meter Installation & Water Main Replacement	50,000	1,277,055
20 Carbon Conservation District	Rock Creek Decreed Water Distribution	30,000	1,307,055
21 Huntley Project Irrigation Dist	Main Canal Measuring & Flow Control	44,268	1,351,323
22 Fish, Wildlife & Parks, Dept. of	Wildlife Habitat/Conservation Reserve Prog	50,000	1,401,323
23 Hysham, Town of	Hysham Water System Improvement Project	50,000	1,451,323

The Cultural and Aesthetic Grant Program began in the 1978-79 biennium. Funding for the program comes from coal tax interest earnings generated by the Parks Acquisition Trust Fund. Section 15-35-108, MCA specifies that one third of the earnings from this non-expendable trust is for cultural and aesthetic purposes.

The program, initially administered by the Montana Historical Society, began with a single project aimed at restoration of mural paintings in the Capitol building. In the FY84-85 biennium, administration of the program transferred to the Montana Arts Council.

In the FY84-85 biennium the legislature funded 39 projects. Because of rapid program growth, the Montana Arts Council developed a formal application process. This process includes extensive review work by an advisory panel. The panel's recommendations are submitted to the legislature for consideration. Utilizing the panel's recommendations, the legislature appropriates the available funds for various projects.

Table 1 lists the total appropriations, amounts expended and the number of projects for the FY79 through FY89 bienniums.

Table 1
History of Cultural & Aesthetic Projects

Biennium	Appropriated	Expended	Projects
78-79	\$50,000	\$50,000	1
80-81	140,000	140,000	3
82-83	641,680	601,477	15
84-85	823,479	811,116	39
86-87	1,476,511	1,442,870	63
88-89	1,211,817	1,208,217	52
90-91 Recommended	\$1,188,354		72

Since its inception the program has been authorized to spend over \$5.5 million in trust fund earnings.

Funds flowing into the trust fund were diverted to the general fund for fiscal years 87, 88 and 89. The corpus of the trust is approximately \$16.6 million at the present time. The executive budget recommends the continued diversion for FY90 and FY91.

Table 2 presents the prioritized lot of recommended projects for the 1990-91 biennium.

In addition to projects, the Executive Budget recommends \$124,640 for administrative and \$2,400 of legal fees to be funded from the interest earnings.

Table 2
MONTANA ARTS COUNCIL
SCHEDULE OF CULTURAL & AESTHETIC PROJECT RECOMMENDATIONS FY 90/91

	NAME OF ORGANIZATION/PROJECT	FY90-91 REQUESTED	CAPAC RECOM- MENDED
1	SHAKESPEARE IN THE PARKS/ENDOWMENT	15,000	15,000
2	BILLINGS SYMPHONY/ENDOWMENT	15,000	15,000
3	HELENA FILM SOCIETY/ENDOWMENT	75,000	50,000
4	MT HISTORICAL SOCIETY/ORAL HISTORY	94,861	80,000
5	YELLOWSTONE ART CENTER/ENDOWMENT	75,000	50,000
6	PARMLY BILLINGS LIBRARY	62,500	25,000
7	PARIS GIBSON SQUARE	60,370	30,000
8	MISSOULA CHILDREN'S THEATRE/ENDOWMENT	30,000	20,000
9	KUFM/ENDOWMENT	87,630	25,000
10	UM/SCHOOL OF FINE ARTS/ENDOWMENT	100,000	40,000
11	MT COMMUNITY FOUNDATION/ENDOWMENT	100,000	50,000
12	CUSTER COUNTY ARTS CENTER	14,054	12,000
13	YOUNG AUDIENCES OF W. MT	15,750	15,000
14	FOX/ALBERTA BAIR/BILLINGS	80,000	30,000
15	MT PERFORMING CONSORTIUM	31,550	25,000
16	GREAT FALLS SYMPHONY/CASCADE QUARTET	12,000	9,500
17	WESTERN HERITAGE CENTER	25,000	15,000
18	VIGILANTE PLAYERS	19,990	13,000
19	HOCKADAY CENTER FOR THE ARTS	20,000	15,000
20	HELENA FILM SOCIETY	25,000	10,000
21	MT INSTITUTE OF THE ARTS FNDN/OP SUPPORT	19,990	15,000
22	SHAKESPEARE IN THE PARKS/OP SUPPORT	40,000	30,000
23	MISSOULA CHILDREN'S THEATRE	53,425	15,000
24	MT ART GALLERY DIRECTOR'S ASS'N	36,120	25,000
25	HOCKADAY CENTER FOR THE ARTS/ENDOWMENT	25,000	25,000

CULTURAL & AESTHETIC GRANT PROGRAM

	NAME OF ORGANIZATION/PROJECT	FY90-91 REQUESTED	CAPAC RECOM- MENDED
26	PARIS GIBSON SQUARE	24,730	10,000
27	HELENA ARTS COUNCIL/ENDOWMENT	50,000	30,000
28	YELLOWSTONE CHAMBER PLAYERS	11,000	8,000
29	GARNET PRESERVATION ASS'N	24,220	14,500
30	KUSM PUBLIC TV	60,609	20,000
31	HELLGATE WRITERS	36,856	13,700
32	FT PECK FINE ARTS COUNCIL	35,241	20,000
33	MQTV	19,990	15,000
34	MUSEUM OF THE ROCKIES	32,190	18,700
35	BILLINGS PRESERVATION SOCIETY	14,973	10,000
36	ALEPH MOVEMENT THEATRE	13,600	8,000
37	GRAND STREET THEATRE	19,500	10,000
38	WATERSHED FOUNDATION	28,914	15,000
39	MSU/MEDIA & THEATRE ARTS	50,648	20,000
40	NORTHERN LIGHTS	17,604	9,600
41	MT ASS'N OF SYMPHONY ORCHESTRAS	7,200	4,500
42	DALY MANSION/STABILIZATION & RESTORATION	30,000	20,000
43	RED LODGE MUSIC FESTIVAL	18,770	10,000
44	BIGFORK CENTER FOR PERFORMING ARTS	42,500	9,000
45	MT FOLKLIFE PROJECT	68,874	60,000
46	KEMC	37,055	10,000
47	UM/SCHOOL OF FINE ARTS	60,500	20,000
48	HELENA ARTS COUNCIL	30,000	10,000
49	COPPER VILLAGE MUSEUM	22,265	11,000
50	KUFM	101,666	10,000
51	UM/REPERTORY THEATRE	80,000	25,000
52	WIBAUX COUNTY MUSEUM	3,784	3,784
53	MT BALLET	12,318	8,500
54	BIGFORK CENTER FOR PERFORMING ARTS/ENDOWMENT	37,500	15,000
55	GARDEN CITY BALLET	20,500	7,500
56	MT DANCE ARTS ASS'N	12,480	5,000
57	HELENA SYMPHONY SOCIETY	20,000	10,000
58	MT STATE THEATRE ASS'N	9,990	5,000
59	MT INDIAN ART & CULTURE ASS'N	45,375	10,000
60	FOX COMMITTEE FOR PERFORMING ARTS	16,750	10,000
61	BANNACK STATE PARK	3,800	2,000
62	ALEPH MOVEMENT THEATRE	4,450	2,500
63	GROWTH THRU ART	10,000	10,000
64	DILLON FIDDLERS	27,548	5,000
65	STILLWATER HISTORICAL SOCIETY	11,700	5,500
66	IKEBANA INTERNATIONAL	3,000	1,000
67	POLSON CITY LIBRARY	4,500	2,000
68	EMC/SENIOR EXPRESSIONS	13,260	6,630
69	HUNTLEY PROJECT MUSEUM	1,000	1,000
69	HUNTLEY PROJECT MUSEUM	440	440
70	CASCADE COUNTY	12,635	7,500
71	LIBBY MIA WRITERS	4,500	1,500
72	BROADWAY 215	10,510	2,000

The Long Range Building Program was initiated in 1965 to provide funding for construction and maintenance of state buildings and grounds. The program was developed in order to present a single, comprehensive and prioritized plan for allocating the state's resources for the purpose of capital construction and maintenance of state owned facilities.

Historically, the program has been funded by cash accounts and bonding. The majority of the proposed building program for the 1991 biennium is funded by cash but a small bonding program is included for the Department of Fish, Wildlife and Parks (FWP).

The first priority of the building program request is for a 96 bed low security housing unit at Montana State Prison. The overcrowding situation is serious enough at the facility to make this the first priority of the proposed building program. The new unit will help alleviate this situation. The remainder of the cash funded proposal is for life safety improvements, major maintenance of existing facilities and handicapped access.

Projects included in the bonding program are; a new regional office, hatchery construction and renovations, and improvements to the South Sandstone Dam at Plevna.

Revenue bonds are to be sold to fund the bonding projects of \$5,142,800. Fees charged by FWP will make the debt service payments. Revenue to fund the cash portion of the building program comes from several sources. The LRBP Capital Projects Fund (CPF) or "cash" account receives 20.25% of the cigarette taxes authorized in 16-11-111, MCA. In addition, Architecture & Engineering Division supervisory fees, interest earnings, and the account balance are credited to the "cash" account. This account is also utilized to fund the operating budget of the Architecture and Engineering Division. Table 1 shows the estimated revenue and proposed expenditures of the Capital Projects Fund for the FY90-91 biennium.

Table 1
Projected Capital Project Account Status
1991 Biennium

Estimated Beginning Cash Balance		\$813,445
Revenue		
Cigarette Tax	\$4,021,000	
Interest Earnings	400,000	
Supervisory Fees	175,000	
Deferred Payments	20,000	
Total Revenue		4,616,000
Total Available		<u>\$5,429,445</u>
Expenditures		
A & E Budget		\$1,122,241
Capital Projects Recommended		<u>4,101,246</u>
Total Appropriations		\$5,223,487
Projected Capital Project Cash Balance		\$205,958

Other "cash" funding sources include Fish, Wildlife and Parks license fees, highway special revenue, federal construction funds and university auxiliary funds. The FY90-91 building proposal includes \$15,342,897 of projects funded by "other cash" funds.

Table 2 shows the distribution of appropriations proposed for various agencies.

Table 2
Long Range Building Program
Distribution By Agency
Proposed 1991 Biennium

Agency	Amount
Fish, Wildlife & Parks	\$14,681,127
Highways	1,581,220
Institutions	2,070,496
Labor	550,600
University System	4,020,050
All Other	<u>1,683,450</u>
Program Total	\$24,586,943

Table 3 is the Executive's proposed prioritized list of Long Range Building Program projects and their respective funding source. The Department of Administration will publish the complete document of all agency requests and detailed project descriptions for the 51st Legislative Session.

LONG RANGE BUILDING PROGRAM

Table 3
PROPOSED CAPITAL CONSTRUCTION PROGRAM
1990 - 1991 BIENNIUM

Priority	AGENCY/PROJECT	C.P.F.	FUNDING SOURCE			TOTAL
			State Special Revenue Funds	Federal Special Revenue Funds	Other Funds	
CASH PROJECTS						
1.	CONSTRUCT LOW SECURITY HOUSING UNIT,MSP	\$1,184,600				\$1,184,600
2.	BUILDING MODIFICATIONS & EXTERIOR LIGHTING, CENTER FOR THE AGED	45,396				45,396
3.	MAINTAIN WATER TOWERS AND SYSTEMS, STATEWIDE	450,000				450,000
4.	CARPET REPLACEMENT, ADMINISTRATION BUILDING, MISSOULA VTC	80,000				80,000
5.	HAZARDOUS MATERIAL ABATEMENT, 1989 STATEWIDE	200,000				200,000
6.	ROOF REPLACEMENT/REPAIR, DEPARTMENT OF INSTITUTIONS	352,500				352,500
7.	REPLACE/REPAIR ROOF CUSTER LODGE, PHS	155,000				155,000
8.	REPLACE ROOFS, MONTANA UNIVERSITY SYSTEM	394,900				394,900
9.	ROOF REPAIR, ACADEMIC BUILDING, MSD&B	10,000				10,000
10.	MODIFY ELEVATOR AJM JOHNSON HALL, MSU	93,200				93,200
11.	BOILER ROOM WATER SOFTENERS, GALEN	45,000				45,000
12.	EQUIPMENT FOR REMODELED 16ABC COTTAGE, MONTANA DEVELOPMENTAL CENTER	88,000				88,000
13.	REPLACE HOSPITAL FLOORS, GALEN	20,000				20,000
14.	ELECTRICAL DISTRIBUTION SYSTEM, PHASE II, MSU	671,700			949,500	1,621,200
15.	MAJOR MAINTENANCE, WATER MAINS, U OF M	130,000				130,000
16.	EXTERIOR DOORS AND VESTIBULES, WMC	14,000				14,000
17.	WINDOW RETROFIT, ENGINEERING HALL, TECH	132,750				132,750
18.	CONTINGENT ON AVAILABLE FUNDS, MAINTENANCE AND IMPROVEMENT PROJECTS, STATEWIDE, DEPARTMENT OF STATE LANDS	34,200				34,200
DEPARTMENT OF AGRICULTURE - PLANT INDUSTRY DIVISION						
19.	REMODEL GRAIN LABORATORY, GREAT FALLS			45,500		45,500
DEPARTMENT OF FISH, WILDLIFE AND PARKS						
20.	KOKANEE SALMON FACILITY		225,000		291,560	516,560
21.	YELLOWSTONE ROAD IMPROVEMENT, GLENDIVE		3,965	11,897		15,862

LONG RANGE BUILDING PROGRAM

S-47

Priority	AGENCY/PROJECT	C.P.F.	FUNDING SOURCE			TOTAL
			State Special Revenue Funds	Federal Special Revenue Funds	Other Funds	
22.	FISHING ACCESS SITES IMPROVE- MENT, STATEWIDE		100,000	300,000		400,000
23.	ENGINEERING STUDY, BEARPAW DAM, HAVRE		25,000	75,000		100,000
24.	CLEARWATER FISH BARRIER ALTERA- TIONS, SEELEY LAKE		25,000	75,000		100,000
25.	DAM INSPECTION, STATEWIDE		30,000			30,000
26.	CONSTRUCT REGION 2 HEADQUAR- TERS STORAGE, MISSOULA		25,920			25,920
27.	WILDLIFE HABITAT ACQUISITION, STATEWIDE		5,226,400			5,226,400
28.	WATERFOWL HABITAT ENHANCE- MENT, STATEWIDE		424,500			424,500
29.	BIG HORN SHEEP HABITAT ACQUISI- TION, STATEWIDE		211,600			211,600
30.	BOAT FACILITIES, STATEWIDE		300,423	901,270		1,201,693
31.	STATE PARK MAINTENANCE AND DEVELOPMENT, STATEWIDE		160,000	160,000		320,000
32.	STATE PROPERTY IMPROVEMENT, STATEWIDE		265,037			265,037
33.	FISHING ACCESS SITE ACQUISITION, STATEWIDE		525,755			525,755
34.	DONATION AUTHORITY, EAST GALLATIN PARK, BOZEMAN				100,000	100,000
35.	CONSTRUCTION AUTHORITY, LEWIS AND CLARK CAVERNS, WHITEHALL				75,000	75,000
DEPARTMENT OF HIGHWAYS - MAINTENANCE AND EQUIPMENT DIVISION						
36.	MAINTENANCE PROJECTS, STATE- WIDE		750,000			750,000
37.	MAINTENANCE SECTION HEADQUAR- TERS COMPLEX, BRIDGER		140,460			140,460
38.	CONSTRUCT SANDHOUSES AT HELENA HEADQUARTERS, LINCOLN & CASCADE SECTION		118,800			118,800
39.	LAND ACQUISITION, KALISPELL		80,000			80,000
40.	HEADQUARTERS RENOVATION, GLEN DIVE		72,480			72,480
41.	CONSTRUCT EQUIPMENT STORAGE ADDITIONS, STANFORD, SHELBY, LEWISTOWN, MILES CITY, WOLF POINT, AND ALBERTON		419,480			419,480
DEPARTMENT OF INSTITUTIONS						
42.	SUPERVISOR HOUSING UNITS, MON- TANA STATE PRISON RANCH		135,000			135,000
43.	TIN CUP JOE IRRIGATION SYSTEM, MONTANA STATE PRISON RANCH		200,000			200,000
DEPARTMENT OF LABOR AND INDUSTRY						
44.	ACQUISITION OF ARCADE BUILDING, LOWER LEVEL, HELENA		50,000			50,000

LONG RANGE BUILDING PROGRAM

Priority	AGENCY/PROJECT	C.P.F.	FUNDING SOURCE			TOTAL
			State Special Revenue Funds	Federal Special Revenue Funds	Other Funds	
45.	POWER SUPPLY PROJECT, WORKERS' COMPENSATION, HELENA		26,000			26,000
46.	HVAC REPLACEMENT AND MAJOR MAINTENANCE, HELENA JOB SERVICE			53,600		53,600
47.	REPAIR SETTLING DAMAGE, GREAT FALLS JOB SERVICE			50,000		50,000
48.	HEATING UNIT REPLACEMENT, MISSOULA JOB SERVICE			50,000		50,000
49.	CONSTRUCT/PURCHASE, BUTTE JOB SERVICE			211,000		211,000
50.	PARKING LOT CONSTRUCTION, HAVRE JOB SERVICE			10,000		10,000
51.	BASEMENT RENOVATION, BOZEMAN JOB SERVICE			100,000		100,000
DEPARTMENT OF STATE LANDS						
52.	INTER AGENCY FIRE CENTER AND HANGAR, HELENA				54,800	54,800
53.	NURSERY FREEZER AND COOLER, MISSOULA		24,000			24,000
54.	NURSERY SHOP BUILDING, MISSOULA		101,000			101,000
55.	NURSERY STORAGE BUILDING, MISSOULA		22,000			22,000
DEPARTMENT OF MILITARY AFFAIRS						
56.	FEDERAL SPENDING AUTHORITY			300,000		300,000
DEPARTMENT OF NATURAL RESOURCES & CONSERVATION						
57.	OIL AND GAS DIVISION ADDITION, BILLINGS			116,950		116,950
DEPARTMENT OF REVENUE						
58.	MAINTAIN LIQUOR WAREHOUSE ROOF				170,000	170,000
MONTANA UNIVERSITY SYSTEM						
AUTHORIZATION ONLY PROJECTS						
59.	P.E. ROOF REPLACEMENT, WESTERN MONTANA COLLEGE				230,000	230,000
60.	SUB REMODELING, WESTERN MONTANA COLLEGE				502,000	502,000
61.	MISCELLANEOUS PROJECTS, UNIVERSITY OF MONTANA				172,000	172,000
62.	CENTENNIAL MALL, MONTANA STATE UNIVERSITY				650,000	650,000
TOTAL CASH PROJECTS		\$4,101,246	\$9,733,320	\$2,414,717	\$3,194,860	\$19,444,143
BONDED PROJECTS						
DEPARTMENT OF FISH, WILDLIFE AND PARKS						
1.	REGION 7 HEADQUARTERS CONSTRUCTION, MILES CITY		950,000			950,000

LONG RANGE BUILDING PROGRAM

S-49

Priority	AGENCY/PROJECT	C.P.F.	FUNDING SOURCE			TOTAL
			State Special Revenue Funds	Federal Special Revenue Funds	Other Funds	
2.	HATCHERY CONSTRUCTION AND RENOVATIONS, ANACONDA, ARLEE, LEWISTOWN		648,200	1,944,600		2,592,800
3.	IMPROVE SOUTH SANDSTONE DAM, PLEVNA		400,000	1,200,000		1,600,000
	TOTAL BONDED PROJECTS	\$0	\$1,998,200	\$3,144,600	\$0	\$5,142,800

"

Oil overcharge monies are allocated to states by the federal Department of Energy or the courts as a result of litigation against oil companies for overcharging for their products. The funds are awarded as restitution. States must use the funds to assist those who were harmed.

Oil overcharge monies may not be used to replace state funds and may only be used in authorized program areas. Under DOE regulations, oil overcharge monies are to be allocated by the Governor. He must make signed assurances to the court and DOE that the funds will be expended according to the established criteria. A plan must be submitted to DOE prior to expenditure of the funds. Oil overcharge funds may not be used to supplant state funds.

Limits On The Use Of Funds:

Oil overcharge monies may only be spent in the following program areas according to DOE regulations:

- 1) State Energy Conservation Program - DNRC
- 2) Constitutional Conservation Program - DNRC
- 3) Energy Extension Service - DNRC

- 4) Low income energy assistance program (LIEAP) -SRS
- 5) Low Income Weatherization Assistance Program - SRS
- 6) Highway and bridge maintenance and repair
- 7) Ridesharing programs
- 8) Public Transportation projects
- 9) Residential or commercial building energy audits
- 10) Grant or loan programs for weatherization or other energy conservation equipment installation
- 11) Energy assistance programs
- 12) Airport maintenance programs
- 13) Reduction in airport user fees
- 14) Energy conservation or energy research offices or administration

Funds Available:

The 1987 session had \$14.6 million of oil overcharge funds to allocate. The 1989 session will have only \$2.1 million. There may be an additional \$1.0 million coming in the 1992-93 biennium, but that should be the end of the money. Table 1 shows the estimated source of funds for the 1990-91 biennium.

Table 1
Oil Overcharge Funds Available
1990-91 Biennium

	Available	Interest	Total
Stripper 1988-89	\$1,064,990	\$ 74,579	\$1,139,569
Texaco 1988-89	462,578	8,967	471,545
Anticipated Texaco 1990-91	393,780	0	393,780
Unspent 89 Project Funds	40,000	38,609	78,609
Total	\$1,961,348	\$122,155	\$2,083,503

Single Program Plan:

The Department of Energy requires that states present a single plan for all oil overcharge monies. The executive budget proposes appropriation of oil overcharge monies in a single piece of legislation to insure that DNRC can make formal application to DOE following the legislative session.

Allocation of Funds:

The allocation of funds is recommended in priority order. The available funds are over-allocated. If all of the projects are approved by DOE the DNRC Institutional Conservation Program will receive only \$533,503 instead of \$950,000. If any of the projects are denied by DOE then funds will flow to the Institutional Conservation Program.

Interest earnings on oil overcharge funds appropriated by the 1987 session must, by DOE regulation, remain with the program to which the funds were allocated. The Stripper and Texaco interest earnings shown in table 1 are not from funds already allocated and carry no restriction. The interest earned on funds allocated to DNRC by the 1987 session are appropriated in DNRC's current level budget.

Funds are not recommended for individual buildings even though a number of applications were received from various institutions, schools and university units. The State Building Program and the Institutional Conservation Program should use the funds to retrofit buildings based on the amount of energy savings.

Priority:

- 1) Low Income Weatherization \$500,000. SRS contracts the low income weatherization program to HRDC's. These funds will help maintain the level of effort in this program in the 1990-91 biennium. The department also has available the entire principle of the "trust" account set up for weatherization and LIEAP.
- 2) Energy Share - \$100,000. SRS contracts with Energy Share Inc. These funds will be used by Energy Share Inc. to pay the fuel bills of low income individuals, some of which are not eligible for LIEAP. The funds will be matched by Energy Share.
- 3) Shelby Transload Facility - \$300,000. DNRC will provide funds for construction of the Shelby Transload Facility. The Shelby proposal was ranked second in the RFP process completed following the 1987 session.
- 4) State Building Program - \$550,000. DNRC will use the funds to retrofit state buildings not eligible for the Institutional Conservation Program. Funds will be allocated based on the amount of energy conservation. DNRC receives repayment from the receiving agency from funds saved from reduced utility bills, or the legislature has the option to reduce the receiving agency's by the amount of the savings.
- 5) Local Government Energy Office - \$100,000. DNRC will continue to contract with the local government energy

OIL OVERCHARGE

S-51

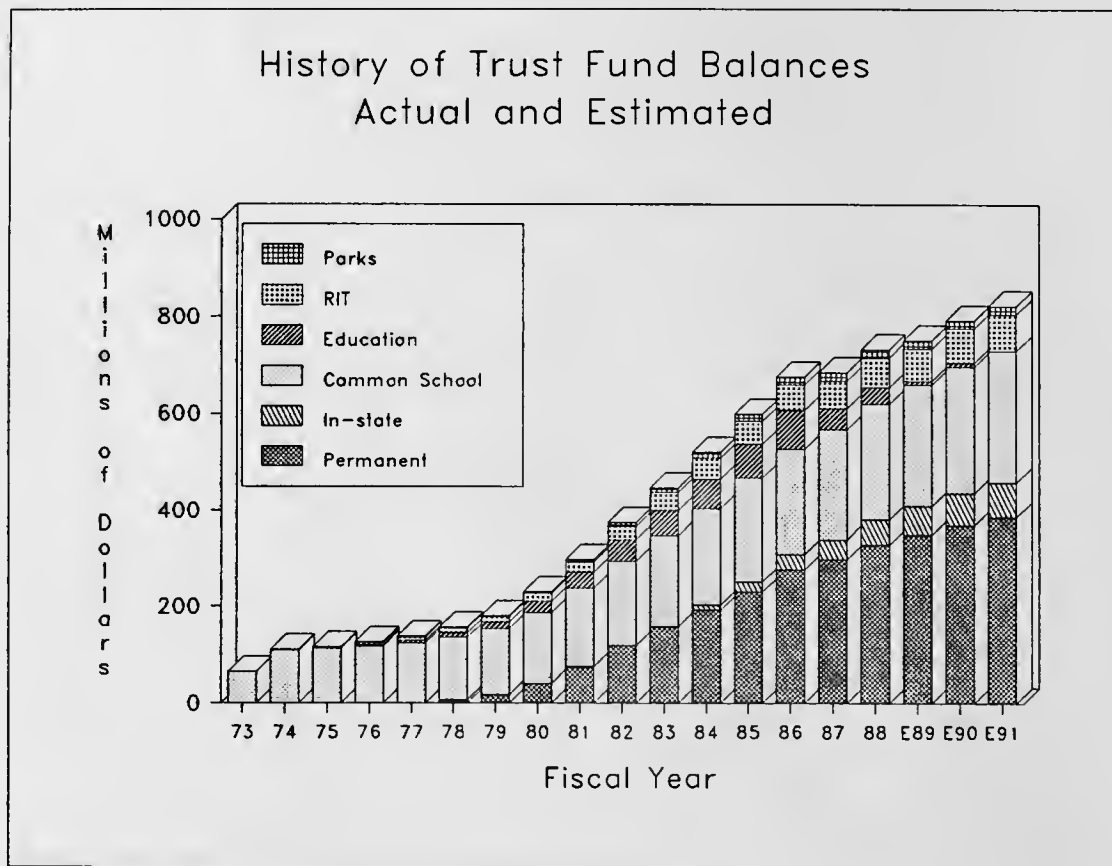
office for technical assistance to local governments and school districts.

- 6) Institutional Conservation Program - \$950,000. DNRC will use the funds to retrofit schools and hospitals based

on the amount of energy savings. (If DOE approves priorities 1-5 the funds available for this program will be \$533,503.)

Since FY73 there has been significant growth in the number of trust funds and the amount of funds deposited to them. While the past legislature diverted some of the money placed in these trust funds, substantial trust fund savings remain.

The following table presents the history of six of the major trust funds since FY73. Amounts listed for FY89, FY90 and FY91 are estimated.



**History of Six Major State Trust Funds
Fiscal Year End Trust Fund Balance**

Fiscal Year	Permanent Coal Tax Trust Fund Balance	In-state Investment Trust Fund Balance	Common School Trust Fund Balance**	Education Trust Fund Balance	Resource Indemnity Trust Fund Balance	Parks Acquisition Trust Fund Balance	Total Trust Fund Balances
A 73	\$0	\$0	\$64,223,773	\$0	\$0	\$0	\$64,223,773
A 74	0	0	108,998,870	0	1,141,385	0	110,140,255
A 75	0	0	113,064,188	0	3,287,456	0	116,351,644
A 76	0	0	117,849,628	2,227,793	5,552,291	278,725	125,908,437
A 77	0	0	123,281,528	6,039,530	8,232,247	758,308	138,311,613
A 78	6,268,262	0	129,949,247	8,983,763	10,646,851	1,174,356	157,022,479
A 79	16,940,538	0	137,716,735	12,339,549	12,574,209	1,475,732	181,046,763
A 80	39,964,765	0	147,527,943	23,905,146	16,204,531	3,565,371	231,167,756
A 81	75,187,459	0	163,163,556	33,624,170	21,165,464	5,325,746	298,466,395
A 82	118,336,314	0	176,467,865	44,338,477	28,328,946	7,480,418	374,952,020
A 83	158,358,806	0	189,390,417	52,665,410	36,181,889	9,481,542	446,078,064
A 84	192,761,293	10,175,065	201,319,109	60,925,268	42,986,128	11,565,460	519,732,323
A 85	230,599,696	21,820,828	214,764,544	70,500,922	47,396,179	13,859,181	598,941,350
A 86	276,734,249	32,650,001	217,677,906	79,761,708	53,039,675	16,222,131	676,085,670
A 87	297,844,102	42,039,078	227,687,073	44,091,429	56,861,627	16,613,608	685,136,917
A 88	328,950,439	52,229,848	239,553,633	33,671,110	61,750,961	16,581,042	732,737,033
F 89	350,335,189	59,358,098	250,621,633	8,036,067	66,343,961	16,581,042	751,275,990
F 90	369,712,939	65,817,348	261,689,633	8,036,067	70,927,961	16,581,042	792,764,990
F 91	386,389,939	71,376,348	272,757,633	0	75,251,961	16,581,042	822,356,923

** Includes land value assets.

Note: The trust fund balances as projected above do not include the revenue gains or losses from bond swaps. Also, the balances shown reflect book values and not market values.

Several adjustments to the FY88 base budget were made in all agencies to arrive at a recommended executive budget for the 1991 biennium. The adjustments are discussed below:

Personal Services

Personal services were budgeted based upon incumbent data as of July 1, 1988. Incumbent changes and grade changes between July 1, 1988 and September 1, 1988 were incorporated into the executive budget.

The benefit rates for FICA were increased from 7.339% in FY88 and 7.51% in FY89 to 7.585% in FY90 and 7.650% in FY91 to reflect the actual rates for the 1991 biennium. Worker's Compensation rates and Unemployment Insurance rates vary from agency to agency. Each agency has its own rate based on their experience. The rates used for FY90-91 were based on projections provided by the Worker's Compensation and Unemployment Divisions. The employers contribution for retirement systems remains constant for the biennium. The rate for the Public Employees Retirement System (PERS) is 6.417% and the rate for the Teachers Retirement System (TRS) is 7.428%. The health insurance contribution was funded at \$115 per month per employee. Vacancy savings was applied at the lesser of 2% or the actual vacancy savings experienced by the program in FY88. No vacancy savings was applied to faculty and support staff at the six units of the Montana University System, faculty and support at the Vo-Techs or to elected officials.

Inflation

A general inflation factor was not applied to agency budgets for the 1991 biennium. Instead, specific expenditure items were selected and inflated. Table 1 lists the expenditure items that were inflated in all budgets. Also listed are inflation and deflation factors where applied to proprietary operations within state government.

Table 1
Executive Budget
Inflation/(Deflation) Factors

Expenditure Code-Name	Inflation/ (Deflation) Factors-% FY88/FY90	Inflation/ (Deflation) Factors-% FY88/FY91
2172-Computer Processing/D of A	(18.0)	(25.0)
2175-Systems Development/D of A	6.0	9.0
2177-Info System Support	2.0	2.0
2183-Data Entry/D of A	8.0	10.0
2190,2191,2192-Printing Services	3.5	7.0
Food products,dairy and meats	7.6	11.6
2216,2242-Gasoline and Diesel	8.8	12.6
Medical supplies and drugs	12.4	18.8
2304-Postage(central mail)	3.6	0.0
2370-Tel Equip Chg/D of A	(9.0)	(9.0)
2373-Tel Equip Maintenance	9.0	14.0
2375-Off Premise Extension	(20.0)	(15.0)
2376,2379-Local Voice & Data Circuit	10.0	15.0
2385-Long Distance Chg/D of A	(8.0)	(8.0)
2387-Credit Card Calls	10.0	15.0
2404-In State Motor Pool	11.0	26.7
2601-Electricity		
MPC	20.1	27.8
MDU	6.3	6.3
2603-Natural Gas		
MPC	11.4	15.7
MDU	(0.1)	0.3

Department of Administration Rent

Agencies within the capitol complex pay "rent" to the Department of Administration. This charge pays for custodial contracts, mechanical contracts and utilities, as well as the staff who are responsible for the physical plant. This charge allows the state to collect monies from not-general fund sources for their share of the cost of "rent". The executive budget includes rates of \$3.19 and \$3.20 per square foot for office space in FY90 and FY91 respectively and \$2.22 per square foot for warehouse space in both FY90 and FY91.

Grounds Maintenance

The Department of Fish, Wildlife and Parks charges a fee to all agencies located in the capitol complex for grounds maintenance. This fee pays for capitol grounds maintenance, snow removal and water charges as well as associated staff. This arrangement again allows the state to collect monies from non-general fund sources for their share of the costs. The executive budget includes fees of \$0.2557 and \$0.2376 per square foot of office space in FY90 and FY91 respectively.

Insurance

The Department of Administration, Tort Claims Division, provides general comprehensive liability, auto liability, property insurance and other insurance for state agencies. The executive budget contains the projected rates for each agency in FY90 and FY91. The general comprehensive lia-

bility insurance is self insured by the state. Each agencies rates are determined by the Tort Claims Division based upon a five factor formula including paid losses over the last five years, experience since inception of the program, FTE level, appropriation level and the agencies prior billing. The total statewide charges for general comprehensive liability increased by 10% from FY88 to FY90 and by 15% from FY88 to FY91. The automobile liability insurance rates are projected to remain at their FY88 rate while property insurance is projected to increase by 48% from FY88 to FY90-91. Miscellaneous insurance including boiler, aircraft, helicopter, inland marine and employee bonds are estimated to increase by 5% from FY88 to FY90 and by 10% from FY88 to FY91.

Audit Costs

Estimated costs for the 1990-91 biennium financial-compliance audit were provided by the Office of the Legislative Auditor and included in the executive budget. Total statewide costs associated with the audit increased by 3.9% from the 1988-89 biennium to the 1990-91 biennium.

Payroll Service Fees

Estimated costs for payroll service fees were provided by the State Auditor and included in the executive budget. Total charges were increased by 3.24% and 5.30% from FY88 to FY90 and FY91 respectively.

SBAS On-Line Entry and Edit

During the 1988-89 biennium the Department of Administration developed a new system for entering financial transactions into the Statewide Budget and Accounting System

(SBAS). The new system is called On-line Entry and Edit (OEE). It replaces the current manual data entry process, whose costs are increasing, with an electronic process, which tends to have decreased costs over time. The benefit of the new OEE system is that 95% of the State's accounting transactions will be entered by the agency on a Personal Computer or Cathode Ray Tube, then transferred electronically. Paper flow is reduced and agencies can edit their transactions at the time they are entered allowing corrections to be made immediately instead of the next day. Duplication is reduced allowing for lower FTE levels in both the Accounting Division and in Data Entry. Previously, the Accounting Division's general fund budget paid all costs associated with data entry to SBAS. Using OEE it is possible to identify each agency's share of that cost. It is estimated that 60% of SBAS data entry costs will now be paid by agencies from funding sources other than the general fund, for a net general fund savings over the next biennium of \$150,800. The executive budget includes in each agencies budget the cost of their entering transactions into SBAS and the resulting savings in the Department of Administration.

Other Adjustments

Base adjustments were made to remove one-time expenditures. Positive adjustments were reviewed on a case by case basis. Prices for equipment were taken from term contract prices and price lists provided by the Procurement and Printing Division in the Department of Administration when possible. The Procurement and Printing Division also provided inflation factors for items purchased through Central Stores that were included in the executive budget.

The grade change report is in accordance with Section 17-7-123, MCA, which requires a report of pay grade changes that have occurred during the 1989 biennium. The report covers positions under the pay schedules adopted in Section 2-18-303, MCA. Positions exempt from these pay schedules are not included. The report includes data on the cost of the grade change and a reason for the grade change. The changes are from the period July 1, 1987 through July 15, 1988.

Only summary tables are included in this budget document. A detailed list of positions that have changed is available in the Office of Budget and Program Planning and the Office of the Legislative Fiscal Analyst.

COSTS

The cost associated with each grade change was calculated using the FY89 pay schedules established in Section 2-18-303, MCA. The cost of grade changes was calculated based only on the change in grade and is not related to incumbents or whether the position was vacant during part of the reporting period. To insure uniformity all calculations were based upon the annual rate for the grade at step 2 in the pay schedule. The grade change was assumed to be effective at the beginning of the fiscal year. FTE information for each university system position is not readily available so they were all calculated on the assumption that each position is equal to 1.00 FTE.

Because of the methods of calculation and assumptions used the cost is not a true cost for the 1989 biennium. The effect of the grade change reflects the annual increase or decrease for each position for FY90 and FY91 provided there are no further grade changes.

REASONS FOR GRADE CHANGES

Grade changes are reported by the reason for the change. The explanation of reasons for grade changes are divided into three categories: agency management initiated; Classification Bureau initiated; and employee appeals.

To understand why grade changes occur, it is necessary to explain some of the basics of how the classification system works. One of the reasons for a classification system is to determine how an employee should be compensated for performing the work assigned to a position. Specific criteria such as complexity of work, accountability and responsibility are used to group positions into classes and to rank classes in a grade hierarchy from one to twenty-five.

All positions were classified in 1975, and all positions added since have been allocated to an appropriate class. However, this does not mean that original titles and grades remain the same. The classifications of positions can and do change. There are two major reasons why there is change: the assigned duties and responsibilities are changed or it is determined that the position was originally incorrectly classified.

AGENCY MANAGEMENT INITIATED ACTIONS

An agency can initiate an action to reclassify a position at anytime. These actions originate when an agency changes the duties and responsibilities of a position. Duties change because of reorganizations, changes in programs, changes in equipment, reductions in force and other related reasons. Usually when such a change occurs the resulting grade change is one or two grades within the same or similar class series. Some changes to positions result when the agency

wants to use the position for a completely different purpose. An example of this is changing a clerical position into a lawyer position.

Many grade changes occur due to the administration of a class series career ladder. Some class series are administered in such a way that as a new employee gains experience and training, duties and responsibilities change. This results in the position being upgraded. This also works in reverse; when a upper level position becomes vacant, it is downgraded and filled at the entry level. Examples include Civil Engineers in the Highway Department, Programmer/Analysts, Bank Examiners and Data Entry Operators. The Highway Patrol Officer series and Teachers also are administered in a similar manner, except that the salient requirements to advance to a higher level are the results of collective bargaining.

In initiating reclassification actions, agencies are required to document the duties and responsibilities of a position on a Position Description form, provide justification and make a recommendation on what kind of change is wanted. The Classification Bureau staff in the State Personnel Division reviews agency requests to insure that they meet classification criteria and gives approval to all classification actions.

CLASSIFICATION BUREAU INITIATED ACTIONS

MCA 2-18-203 provides that the Department of Administration shall continuously review all positions on a regular basis. On an ongoing basis, reviews are conducted in order to rewrite class specifications, to make changes and improvements in methodology, and to address problems in the administration of a particular class. Changes in positions result when it is determined that a position is in the wrong class or the grade of an entire class should be changed. The Bureau also initiates reviews as a result of changes made through the appeals process. Occasionally a decision made in the appeals process has a "domino effect" on other positions.

Reviews conducted by the Bureau can be viewed as an audit function that is important to insure (1) the integrity of the classification system and (2) that agencies are administering the system correctly. The changes that the Bureau initiates are relatively insignificant. Typically, when the Bureau initiates a change, agencies are consulted and arrangements are made so that they can plan for and absorb the impact.

APPEALS

An employee can initiate an action to change his/her classification by filing an appeal. The appeals process is administered by the Board of Personnel Appeals (BPA). Employees file appeals for a variety of reasons. The most obvious is that they feel they are allocated to the wrong class or the grade of the class should be higher (an appeal of the grade assigned to the class is usually dismissed because it is not allowable under 2-18-203, MCA).

When an appeal is filed the decision to change a position is made by the Classification Bureau (step III) or by the BPA (step IV of the appeals process). When the BPA upgrades a position they are disagreeing with the Classification Bureau.

SUMMARY

The explanation for each grade change is shown in the report as follows:

A. Agency Management Initiated Changes

GRADE CHANGE REPORT

1. Change in duties due to reorganizations, program changes, reduction in force, equipment changes, etc.
2. Different use of an FTE.
3. Administration of class series career ladders.
4. Administration of collective bargaining agreements.

B. Classification Bureau Initiated Changes.

1. Class series review and revision in class specification.
2. Other.

C. Appeals

1. Changes made by the classification Bureau at Step III.

2. Changes made by the BPA at Step IV.

Table 1 is an agency summary of the number of grade changes and changes as a percentage of FTE for the 1989 biennium. Table 2 is a statewide summary of the number of grade changes by reason for the 1989 biennium.

Table 1
Agency Summary of Grade Changes
1989 Biennium

Agency	FTE as of 06/30/88	Number of Up- grades	Percent of Up- grades	Number of Down- grades	Percent of Down- grades	Annual Cost
Governors Office	61.54	2	3.25%	0	0.00%	\$3,276
Fish, Wildlife & Parks	546.04	52	9.52%	17	3.11%	\$61,084
Health & Env. Science	264.23	8	3.03%	3	1.14%	\$13,625
Highways	1920.74	58	3.02%	24	1.25%	\$135,482
State Lands	298.47	11	3.69%	2	0.67%	\$18,349
Livestock	115.71	8	6.91%	0	0.00%	\$14,805
Natural Resources & Cons.	248.30	23	9.26%	9	3.62%	\$13,882
Revenue	895.67	163	18.20%	63	7.03%	\$132,212
Administration	387.61	35	9.03%	8	2.06%	\$45,995
Agriculture	88.00	3	3.41%	1	1.14%	\$2,425
Institutions	2006.03	76	3.79%	30	1.50%	\$64,792
Commerce	351.94	24	6.82	9	2.56%	\$38,919
Labor & Industry	836.97	37	4.42%	9	1.08%	\$46,531
Military Affairs	96.50	0	0.00%	0	0.00%	\$0
Social & Rehab. Services	774.63	134	17.30%	11	1.42%	\$111,281
Family Services	558.17	57	10.21%	11	1.97%	\$49,273
Sub Total	9450.55	691	7.31%	197	2.08%	\$751,929
Secretary of State	27.50	1	3.64%	1	3.64%	(\$826)
Commissioner of Pol. Prac.	3.00	1	33.33%	0	0.00%	\$4,139
State Auditor	62.50	2	3.20%	0	0.00%	\$2,070
Office of Public Inst.	121.90	11	9.02%	1	0.82%	\$27,236
Board of Crime Control	17.49	0	0.00%	0	0.00%	\$0
Highway Traffic Safety	8.50	0	0.00%	0	0.00%	\$0
Justice	560.10	39	6.96%	8	1.43%	\$29,100
Public Service Comm.	46.00	3	6.52%	0	0.00%	\$9,907
Board of Public Ed.	94.63	7	7.40%	1	1.06%	\$1,409
State Library	33.00	3	9.09%	0	0.00%	\$8,495
Historical Society	50.38	2	3.97%	1	1.98%	(\$2,223)
Arts Council	8.97	0	0.00%	0	0.00%	\$0
Vo-Ed Advisory Council	2.00	1	50.00%	0	0.00%	\$2,490
Sub Total	1035.97	70	6.76%	12	1.16%	\$81,797
TOTAL	10486.52	761	7.26%	209	1.99%	\$833,726
University System	2650.00	130	4.91%	29	1.09%	\$163,177

Table 2
Summary of Grade Change by Reason
1989 Biennium

	Number of Up- grades	Percent of Up- grades	Number of Down- grades	Percent of Down grades
A. Agency Initiated				
1. Change in Duties	568	63.75%	90	37.82%
2. Different Use of FTE	93	10.44%	33	13.87%
3. Career Ladder	106	11.90%	26	10.92%
4. Bargaining Agreement	29	3.25%	10	4.20%
Subtotal	796	89.34%	159	66.81%
B. Classification Bureau				
1. Class Reviews	54	6.06%	79	33.19%
2. Other	10	1.12%	0	0.00%
Subtotal	64	7.18%	79	33.19%
C. Appeals				
1. Classification Bureau	31	3.48%	0	0.00%
2. Board of Pers. Appeals	0	0.00%	0	0.00%
Subtotal	31	3.48%	0	0.00%
Total	891	100.00%	238	100.00%
Percent of Total FTE	7.14%		1.91%	

BUDGET SUMMARY BY FUND

General Fund

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Legislative Auditor	\$1,054,720.74	\$1,102,793	\$1,053,098	\$1,032,611
Legislative Fiscal Analyst	756,869.69	894,093	788,986	807,674
Legislative Council	1,574,670.39	2,266,562	2,340,591	2,185,882
Legislature-Senate	110,508.06	284,147	0	0
Legislature-House	181,526.74	306,710	0	0
Environmental Quality Council	217,075.68	239,609	238,781	235,472
Judiciary	4,217,087.70	4,256,586	4,221,443	4,192,956
Governors Office	2,152,966.56	2,226,802	2,250,238	2,172,338
Secretary Of States Office	545,399.49	495,523	503,397	491,529
Commissioner Of Political Prac	83,771.29	102,125	103,193	99,163
State Auditors Office	809,795.12	979,032	949,209	844,634
Office Of Public Instruction	37,288,753.70	37,057,294	50,812,988	49,325,618
Crime Control Division	408,863.84	412,649	414,870	408,770
Highway Traffic Safety	76,050.00	302,400	200,000	200,000
Department Of Justice	5,113,949.44	4,997,678	4,967,212	4,809,013
Public Service Regulation	1,645,493.80	1,693,166	1,690,450	1,657,004
Board Of Public Education	163,176.20	144,016	125,282	117,423
Commissioner Of Higher Ed	96,807,139.34	96,499,892	97,278,067	97,509,839
School For The Deaf & Blind	2,042,442.24	2,102,508	2,300,731	2,247,251
Montana Arts Council	124,903.61	120,554	127,726	120,271
Library Commission	541,213.55	520,688	579,375	560,251
Historical Society	1,098,351.65	1,125,990	1,180,025	1,149,642
Board Of Regents	195,944.17	23,008	763,722	749,936
Fire Services Training School	196,810.96	202,018	198,473	199,282
Dept Health & Environ Sciences	3,577,682.48	3,979,039	3,453,499	3,416,213
Department Of State Lands	8,156,470.77	5,501,542	7,612,348	7,453,292
Department Of Livestock	719,092.64	747,162	756,908	746,497
Dept Nat Resource/Conservation	3,774,525.84	3,875,865	2,428,334	2,391,079
Department Of Revenue	17,077,838.84	17,543,272	18,260,522	16,907,821
Department Of Administration	17,102,520.00	14,815,696	16,419,835	16,241,767
Department Of Agriculture	1,485,339.02	1,566,810	1,513,809	1,465,579
Department Of Institutions	10,613,199.92	11,028,752	11,111,561	10,946,858
Montana Developmental Center	11,804,933.38	11,879,951	12,204,240	12,264,979
Center For The Aged	2,616,110.40	2,674,095	2,725,651	2,745,474
Eastmont Training Center	2,150,715.42	2,258,146	2,284,076	2,272,537
Montana State Prison	12,458,662.65	13,042,282	13,022,787	13,178,168
Swan River Youth Forest Camp	803,951.38	858,938	855,686	849,221
Veterans Home	462,329.13	552,504	689,505	691,556
Montana State Hospital	19,284,239.02	20,159,047	19,730,947	19,954,862
Board Of Pardons	160,261.42	160,441	163,610	160,529
Department Of Commerce	4,707,968.77	5,139,601	5,882,606	6,127,643
Labor & Ind-Employment Servs	1,854,810.76	2,341,632	1,071,667	1,404,080
Labor & Ind-Workers' Comp	52,445.53	64,583	45,842	43,999
Adjutant General	1,811,554.15	2,106,032	1,945,601	1,950,939
Dept Social & Rehab Services	73,111,867.38	75,825,531	79,352,574	83,255,469
Department Of Family Services	19,570,213.92	20,208,326	20,647,259	20,953,279
Supplemental Requests	0.00	15,799,926	0	0
Legislative Feed Bill	0.00	4,400,000	0	4,400,000
Reversions	0.00	-6,500,000	-6,500,000	-6,500,000
Total Deductions	\$370,764,215.78	\$388,385,016	\$388,766,724	\$394,438,400

BUDGET SUMMARY BY FUND

S-59

General Fund

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Licenses & Permits	\$39,710,118.60	\$29,272,100	\$30,221,464	\$31,978,464
Taxes	227,878,115.41	221,807,400	221,612,200	229,383,300
Service Fees	17,697,296.31	18,314,246	15,277,196	15,633,814
Investment Earnings	16,031,767.08	14,347,136	17,133,029	16,390,029
Fines	708,825.98	635,330	632,330	632,330
Reimbursements	241,353.48	228,712	415,280	412,270
Sale Documents, Merch. & Property	153,310.48	75,120	32,110	75,110
Rentals, Leases, & Royalties	139,995.07	137,764	134,498	134,498
Miscellaneous	1,237,236.74	2,841,749	2,294,850	2,691,242
Grants, Gifts, Bequests, Donation	0.00	0	0	0
Income Collections & Transfers	86,647,730.81	89,001,401	90,576,001	93,023,901
Federal Assistance	706,457.92	696,042	696,042	696,042
Total Additions	\$391,152,207.88	\$377,357,000	\$379,025,000	\$391,051,000
Beginning Fund Balance	\$10,557,241.00	\$39,472,315	\$29,804,299	\$20,062,575
Subtract Adjustments	\$-8,527,081.90	\$-1,360,000	\$0	\$0
Ending Fund Balance	\$39,472,315.00	\$29,804,299	\$20,062,575	\$16,675,175

Note : Actual FY88 general fund disbursements do not include expenditures for administrative appropriations.

S-60 **BUDGET SUMMARY BY FUND**
State Special Revenue Fund

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Legislative Auditor	\$952,295.07	\$1,064,400	\$1,051,008	\$1,051,636
Legislative Council	416,489.33	370,902	699,035	0
Environmental Quality Council	45,903.42	55,296	26,200	0
Consumer Counsel	644,940.84	844,336	863,903	877,471
Judiciary	467,026.77	631,839	637,871	634,961
Governors Office	339,745.03	1,828,220	457,212	29,116
Secretary Of States Office	567,917.06	534,839	552,634	546,180
Commissioner Of Political Prac	1,065.70	4,800	260	5,170
State Auditors Office	1,458,924.36	8,051,660	8,048,723	8,022,224
Office Of Public Instruction	183,828,530.07	180,717,976	191,419,465	191,468,474
Crime Control Division	280,856.46	480,936	359,374	475,905
Highway Traffic Safety	66,227.17	72,139	72,000	72,000
Department Of Justice	14,662,369.78	14,700,798	15,150,354	15,072,418
Board Of Public Education	41,021.54	50,000	48,204	48,223
Commissioner Of Higher Ed	14,631,961.01	14,088,623	13,597,000	13,583,000
Montana Arts Council	426,390.21	813,352	31,507	31,521
Library Commission	561,162.53	649,798	410,776	383,936
Historical Society	14,173.15	72,576	47,395	47,403
Dept Of Fish, Wildlife & Parks	18,729,539.83	25,133,958	21,258,378	20,437,264
Dept Health & Environ Sciences	2,121,568.36	3,047,589	4,054,744	3,684,674
Department Of Highways	149,437,589.56	196,277,951	188,920,271	179,974,989
Department Of State Lands	2,292,711.11	14,290,370	3,554,966	3,411,376
Department Of Livestock	3,350,499.90	3,440,670	3,479,145	3,582,189
Dept Nat Resource/Conservation	17,357,162.06	28,814,088	10,802,262	7,244,340
Department Of Revenue	10,310,994.34	18,536,750	7,966,293	7,925,386
Department Of Administration	1,971,546.50	4,385,231	2,912,444	2,906,659
Long Range Building Plan	2,512,563.90	0	0	0
Department Of Agriculture	1,167,530.50	1,388,163	1,382,426	1,389,400
Department Of Institutions	1,591,646.17	1,452,221	1,345,859	1,219,929
Montana Developmental Center	13,375.49	13,626	49,000	49,000
Center For The Aged	6,681.95	9,735	17,035	15,135
Eastmont Training Center	1,422.43	4,000	700	700
Montana State Prison	1,121,689.11	1,215,925	1,402,047	1,656,166
Swan River Youth Forest Camp	78,264.07	86,617	85,002	87,016
Veterans Home	16,023.05	20,764	20,764	20,764
Montana State Hospital	1,738,665.30	1,721,533	1,748,126	1,748,653
Department Of Commerce	18,125,149.55	27,610,447	18,921,306	18,971,747
Labor & Ind-Employment Servs	176,063.54	295,208	306,191	305,937
Labor & Ind-Workers' Comp	19,582,526.57	21,076,140	21,656,047	21,326,789
Adjutant General	0.00	0	12,000	12,000
Dept Social & Rehab Services	8,074,849.01	8,545,383	7,908,776	7,990,005
Department Of Family Services	94,486.84	163,242	195,628	160,640
Total Deductions	\$479,279,547.64	\$582,562,101	\$531,472,331	\$516,470,396
Licenses & Permits	\$54,341,283.99	\$54,622,646	\$55,280,463	\$55,455,933
Taxes	288,066,094.43	274,067,498	272,437,186	274,926,137
Service Fees	25,094,632.69	26,699,364	27,195,550	27,438,666
Investment Earnings	10,627,278.91	5,371,798	2,318,099	664,001
Fines	2,053,974.06	1,964,100	2,003,600	2,004,100
Reimbursements	4,901.73	213	0	0
Sale Documents,Merch,&Property	3,120,874.57	3,473,275	3,140,416	2,481,481
Rentals,Leases, & Royalties	187,422.51	205,300	219,363	125,763
Fiduciary & Trust	409,867.88	442,150	468,077	496,164
Miscellaneous	810,078.12	1,394,910	1,098,914	813,914
Grants,Gifts,Bequests,Donation	1,227,148.03	3,177,827	1,541,194	1,533,423
Income Collections & Transfers	104,892,912.60	91,758,914	102,590,281	101,348,487
Federal Assistance	26,416,212.56	23,612,000	22,775,000	23,583,000
Total Additions	\$517,252,681.08	\$486,789,995	\$491,068,143	\$490,871,069
Beginning Fund Balance	\$170,920,674.01	\$214,685,973	\$118,913,867	\$78,509,679
Subtract Adjustments	\$-5,792,165.31	\$0	\$0	\$-9,575,000
Ending Fund Balance	\$214,685,972.76	\$118,913,867	\$78,509,679	\$62,485,352

BUDGET SUMMARY BY FUND

S-61

Federal & Other Special Revenue Fund

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Legislative Council	\$9,260.10	\$25,740	\$0	\$0
Judiciary	67,737.47	35,327	0	0
Governors Office	430,193.20	517,584	424,982	425,887
State Auditors Office	6,552,600.94	6,750,000	6,050,000	6,050,000
Office Of Public Instruction	6,021,944.73	6,609,212	6,562,127	6,617,183
Crime Control Division	1,880,246.22	2,944,868	2,547,000	2,529,000
Highway Traffic Safety	1,104,339.15	1,354,081	1,100,750	1,099,283
Department Of Justice	1,416,772.71	1,609,705	1,198,396	1,202,876
Public Service Regulation	27,946.00	35,134	25,802	24,302
Board Of Public Education	4,967.53	10,032	0	0
Commissioner Of Higher Ed	4,736,220.66	8,094,236	7,198,179	7,001,817
School For The Deaf & Blind	385,917.95	384,926	364,408	369,408
Montana Arts Council	417,245.00	401,377	425,872	425,871
Library Commission	630,065.74	929,828	1,028,114	1,031,822
Montana Council On Vocational	108,596.78	131,074	134,224	130,844
Historical Society	504,634.43	1,222,937	843,858	759,661
Board Of Regents	792,777.50	661,913	0	0
Fire Services Training School	8,500.00	28,500	0	0
Dept Of Fish, Wildlife & Parks	6,813,808.70	9,415,851	10,312,683	8,784,214
Dept Health & Environ Sciences	21,496,069.85	26,156,995	24,228,773	25,114,557
Department Of Highways	107,618,665.66	81,697,463	115,224,348	96,135,647
Department Of State Lands	7,069,688.83	8,778,533	10,474,362	10,310,053
Department Of Livestock	52,905.81	231,900	186,010	186,221
Dept Nat Resource/Conservation	2,952,037.35	11,956,901	2,937,988	1,169,623
Department Of Revenue	1,586,228.05	1,690,185	1,404,459	1,396,543
Long Range Building Plan	709,385.92	0	0	0
Department Of Agriculture	1,319,098.26	1,780,415	1,902,346	1,927,677
Department Of Institutions	2,847,986.86	3,417,522	3,308,082	3,215,749
Montana Developmental Center	24,511.71	44,384	23,336	22,385
Montana State Prison	224,994.17	242,037	127,713	127,760
Swan River Youth Forest Camp	41,721.42	27,898	29,598	29,598
Veterans Home	1,654,274.23	1,650,215	1,689,370	1,689,370
Montana State Hospital	5,917.90	3,775	2,485	2,565
Department Of Commerce	16,169,596.74	20,084,027	21,071,145	19,506,385
Labor & Ind-Employment Servs	25,600,636.80	28,521,268	32,842,257	34,720,802
Labor & Ind-Workers' Comp	119,283.38	124,876	126,345	126,541
Adjutant General	2,985,715.36	5,384,973	3,366,711	3,379,549
Dept Social & Rehab Services	181,955,029.25	205,437,916	213,877,578	223,484,682
Department Of Family Services	11,218,232.54	10,976,218	11,514,316	11,578,590
Total Deductions	\$417,565,754.90	\$449,369,826	\$482,553,617	\$470,576,465
Taxes	\$2,458,421.02	\$2,492,751	\$2,485,685	\$2,485,686
Service Fees	6,385,871.47	7,352,008	7,164,561	7,333,843
Investment Earnings	1,585,868.22	1,621,091	1,078,009	1,092,621
Fines	366,067.87	450,000	2,699,000	2,699,000
Reimbursements	1,500,579.16	2,793,487	4,339,168	5,387,778
Sale Documents, Merch. & Property	105,329.43	138,664	137,961	122,608
Rentals, Leases, & Royalties	54,323.20	84,675	57,768	57,914
Miscellaneous	424,785.58	1,639,278	1,821,257	1,754,616
Grants, Gifts, Bequests, Donation	2,679,284.05	3,868,977	4,488,737	4,408,279
Income Collections & Transfers	3,182,275.01	11,752,009	5,354,012	5,351,175
Federal Assistance	398,729,668.68	416,477,872	463,315,795	459,028,354
Total Additions	\$417,472,473.69	\$448,670,812	\$492,941,953	\$489,721,874
Beginning Fund Balance	\$14,724,122.20	\$19,927,849	\$19,228,835	\$29,617,171
Subtract Adjustments	\$-5,297,008.11	\$0	\$0	\$0
Ending Fund Balance	\$19,927,849.10	\$19,228,835	\$29,617,171	\$48,762,580

BUDGET SUMMARY BY FUND

Proprietary Fund

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Department Of Justice	\$441,328.64	\$493,539	\$887,895	\$904,830
Public Service Regulation	14,686.99	15,000	20,000	20,000
Commissioner Of Higher Ed	8,022,470.97	9,205,338	9,476,395	10,776,397
Historical Society	429,033.10	520,999	441,238	439,166
Fire Services Training School	10,333.31	12,000	20,400	20,400
Dept Of Fish, Wildlife & Parks	1,917,233.38	2,347,155	2,271,847	2,288,587
Department Of Highways	16,314,387.87	16,465,568	14,265,913	14,092,893
Department Of State Lands	136,691.12	190,319	183,524	183,704
Department Of Revenue	42,965,725.51	46,766,647	39,735,986	37,226,913
Department Of Administration	54,347,067.38	61,994,243	63,988,383	68,481,805
Department Of Agriculture	10,505.65	33,490	30,716	30,865
Department Of Institutions	0.00	6,278	6,047	0
Montana State Prison	2,012,867.8	2,201,218	2,614,606	2,776,989
Department Of Commerce	28,061,575.21	30,605,441	26,799,829	28,654,233
Labor & Ind-Employment Servs	2,366,834.26	2,540,749	3,500	3,500
Total Deductions	\$157,050,741.19	\$173,397,984	\$160,746,279	\$165,900,282
Licenses & Permits	\$8,500.00	\$7,000	\$5,000	\$5,000
Taxes	8,699,625.53	8,173,300	7,668,500	7,193,400
Service Fees	67,214,352.87	63,752,182	78,893,113	83,863,237
Investment Earnings	58,985,316.45	2,710,200	2,622,007	2,600,887
Reimbursements	3,049,431.80	3,223,238	779,873	696,786
Sale Documents, Merch, & Property	61,364,989.20	52,541,252	51,653,324	50,412,965
Rentals, Leases, & Royalties	43,709.49	43,600	43,600	43,600
Fiduciary & Trust	7,462,157.23	8,235,475	7,100,000	7,100,000
Miscellaneous	15,820.72	29,500	4,001	4,001
Income Collections & Transfers	3,333,968.79	2,928,481	1,788,657	1,686,914
Total Additions	\$210,177,872.08	\$141,644,228	\$150,558,075	\$153,606,790
Beginning Fund Balance	\$125,817,522.78	\$131,250,593	\$99,496,837	\$89,308,633
Subtract Adjustments	\$47,694,060.95	\$0	\$0	\$0
Ending Fund Balance	\$131,250,592.72	\$99,496,837	\$89,308,633	\$77,015,141

Current Unrestricted Fund

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Billings Vo Tech	\$1,765,935.14	\$1,677,076	\$1,612,313	\$1,615,302
Butte Vo Tech	1,602,168.29	1,364,903	1,529,535	1,529,538
Great Falls Vo Tech	1,759,515.36	1,433,211	1,780,507	1,780,254
Helena Vo Tech	2,396,175.21	2,090,012	2,080,854	2,085,196
Missoula Vo Tech	2,612,446.22	1,929,783	2,240,129	2,240,583
University Of Montana	36,449,789.07	36,740,503	35,956,023	35,988,533
Montana State University	43,885,948.11	43,837,953	44,616,969	44,705,280
Mont College Of Min Sc & Tech	9,520,273.64	9,625,467	9,737,923	9,714,628
Eastern Montana College	13,360,590.32	13,428,017	13,805,054	13,787,709
Northern Montana College	7,783,723.26	7,989,425	7,487,330	7,464,289
Western Montana College	4,333,899.58	4,343,768	4,223,210	4,193,686
Agricultural Exper Station	8,552,467.21	8,641,392	8,642,606	8,654,183
Cooperative Extension Service	3,760,944.07	4,363,435	4,016,298	4,015,710
Forestry & Cons Exper Station	632,546.83	644,954	630,321	639,696
Total Deductions	\$138,416,422.31	\$138,109,899	\$138,359,072	\$138,414,587
Licenses & Permits	\$0.00	\$2,384,257	\$413,113	\$412,874
Taxes	1,753,177.30	783,000	787,000	796,000
Service Fees	28,056,686.30	28,583,543	28,799,837	28,799,837
Investment Earnings	31,034.41	20,000	32,000	32,000
Reimbursements	909,908.67	932,883	1,015,760	1,015,760
Sale Documents, Merch, & Property	829,583.96	78,000	385,500	385,500
Rentals, Leases, & Royalties	1,874.07	0	0	0
Miscellaneous	261,026.72	162,918	281,970	281,970
Grants, Gifts, Bequests, Donation	-1,515.75	217,953	0	0
Income Collections & Transfers	104,137,175.65	103,650,572	102,942,249	103,001,003
Federal Assistance	3,684,256.39	2,109,865	3,831,643	3,831,643
Total Additions	\$139,663,207.72	\$138,922,991	\$138,489,072	\$138,556,587
Beginning Fund Balance	\$-93,810.83	\$1,836,426	\$2,649,518	\$2,779,518
Subtract Adjustments	\$-683,451.23	\$0	\$0	\$0
Ending Fund Balance	\$1,836,425.81	\$2,649,518	\$2,779,518	\$2,921,518

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
LEGISLATIVE AUDITOR			
AUDIT & EXAMINATION PROGRAM			
General Fund	1,053,098	1,032,611	2,085,709
State Special Revenue Fund	1,051,008	1,051,636	2,102,644
TOTAL AGENCY FUNDING	2,104,106	2,084,247	4,188,353
LEGISLATIVE FISCAL ANALYST			
ANALYSIS AND REVIEW			
General Fund	788,986	807,674	1,596,660
TOTAL AGENCY FUNDING	788,986	807,674	1,596,660
LEGISLATIVE COUNCIL			
INTERIM STUDIES & CONFERENCES			
General Fund	529,509		529,509
State Special Revenue Fund	12,000		12,000
MONTANA CODE ANNOTATED			
State Special Revenue Fund	687,035		687,035
LEGISLATIVE COUNCIL			
General Fund	1,811,082	2,185,882	3,996,964
AGENCY FUNDING SUMMARY			
General Fund	2,340,591	2,185,882	4,526,473
State Special Revenue Fund	699,035		699,035
TOTAL AGENCY FUNDING	3,039,626	2,185,882	5,225,508
ENVIRONMENTAL QUALITY COUNCIL			
ENVIRONMENTAL QUALITY PROGRAM			
General Fund	238,781	235,472	474,253
WATER POLICY COMMITTEE			
State Special Revenue Fund	26,200		26,200
AGENCY FUNDING SUMMARY			
General Fund	238,781	235,472	474,253
State Special Revenue Fund	26,200		26,200
TOTAL AGENCY FUNDING	264,981	235,472	500,453
CONSUMER COUNSEL			
ADMINISTRATION PROGRAM			
State Special Revenue Fund	863,903	877,471	1,741,374
TOTAL AGENCY FUNDING	863,903	877,471	1,741,374
JUDICIARY			
SUPREME COURT OPERATIONS			
General Fund	1,337,976	1,303,665	2,641,641
BOARDS AND COMMISSIONS			
General Fund	173,290	181,004	354,294
State Special Revenue Fund	25,600	22,300	47,900
LAW LIBRARY			
General Fund	506,799	498,683	1,005,482
State Special Revenue Fund	162,175	162,175	324,350
DISTRICT COURT OPERATIONS			
General Fund	2,203,378	2,209,604	4,412,982
WATER COURTS SUPERVISION			
State Special Revenue Fund	450,096	450,486	900,582
AGENCY FUNDING SUMMARY			
General Fund	4,221,443	4,192,956	8,414,399
State Special Revenue Fund	637,871	634,961	1,272,832
TOTAL AGENCY FUNDING	4,859,314	4,827,917	9,687,231
GOVERNORS OFFICE			
EXECUTIVE OFFICE PROGRAM			
General Fund	896,343	875,708	1,772,051
State Special Revenue Fund	39,305		39,305
Other Special Revenue Fund	70,000	70,000	140,000
MANSION MAINTENANCE PROGRAM			
General Fund	60,027	60,713	120,740
AIR TRANSPORTATION PROGRAM			
General Fund	200,139	95,005	295,144
OFFICE OF BDGET & PGM PLANNING			
General Fund	713,547	760,520	1,474,067
NORTHWEST REGIONAL POWER ACT			

AGENCY BUDGET SUMMARY

S-65

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
Other Special Revenue Fund	314,982	315,887	630,869
LT. GOVERNOR			
General Fund	195,068	194,694	389,762
CITIZENS ADVOCATE OFFICE			
General Fund	52,456	52,449	104,905
MENTAL DIS BD VISITORS			
General Fund	132,658	133,249	265,907
Other Special Revenue Fund	40,000	40,000	80,000
STATEHOOD CENTENNIAL OFFICE			
State Special Revenue Fund	417,907	29,116	447,023
AGENCY FUNDING SUMMARY			
General Fund	2,250,238	2,172,338	4,422,576
State Special Revenue Fund	457,212	29,116	486,328
Other Special Revenue Fund	424,982	425,887	850,869
TOTAL AGENCY FUNDING	3,132,432	2,627,341	5,759,773
SECRETARY OF STATES OFFICE			
RECORDS MANAGEMENT PROGRAM			
General Fund	503,397	491,529	994,926
State Special Revenue Fund	386,892	386,898	773,790
ADMINISTRATIVE CODE PROGRAM			
State Special Revenue Fund	165,742	159,282	325,024
AGENCY FUNDING SUMMARY			
General Fund	503,397	491,529	994,926
State Special Revenue Fund	552,634	546,180	1,098,814
TOTAL AGENCY FUNDING	1,056,031	1,037,709	2,093,740
COMMISSIONER OF POLITICAL PRAC			
ADMINISTRATION			
General Fund	103,193	99,163	202,356
State Special Revenue Fund	260	5,170	5,430
TOTAL AGENCY FUNDING	103,453	104,333	207,786
STATE AUDITORS OFFICE			
CENTRAL MANAGEMENT			
General Fund	220,833	216,954	437,787
AUDIT DIVISION			
General Fund	728,376	627,680	1,356,056
State Special Revenue Fund	385,443	393,155	778,598
INSURANCE			
State Special Revenue Fund	741,007	710,998	1,452,005
SECURITIES			
State Special Revenue Fund	272,273	268,071	540,344
LOCAL ASSISTANCE DISTRIBUTIONS			
State Special Revenue Fund	5,650,000	5,650,000	11,300,000
FOREST RES & FPGA TO COUNTIES			
Other Special Revenue Fund	6,050,000	6,050,000	12,100,000
PENSION ADJ RETIRED FIREMEN			
State Special Revenue Fund	1,000,000	1,000,000	2,000,000
AGENCY FUNDING SUMMARY			
General Fund	949,209	844,634	1,793,843
State Special Revenue Fund	8,048,723	8,022,224	16,070,947
Other Special Revenue Fund	6,050,000	6,050,000	12,100,000
TOTAL AGENCY FUNDING	15,047,932	14,916,858	29,964,790
OFFICE OF PUBLIC INSTRUCTION			
CHIEF STATE SCHOOL OFFICER			
General Fund	144,947	145,011	289,958
Other Special Revenue Fund	30,000	13,500	43,500
BASIC SKILLS			
General Fund	851,275	853,800	1,705,075
State Special Revenue Fund	167,952	167,953	335,905
Other Special Revenue Fund	375,366	375,515	750,881
VOCATIONAL EDUCATION			
General Fund	169,381	170,891	340,272
Other Special Revenue Fund	268,483	268,494	536,977
ADMINISTRATIVE SERVICES			
General Fund	991,149	959,302	1,950,451

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
State Special Revenue Fund	389,727	389,735	779,462
Other Special Revenue Fund	393,584	393,581	787,165
SPECIAL SERVICES			
General Fund	436,870	438,251	875,121
Other Special Revenue Fund	1,602,401	1,601,800	3,204,201
DISTRIBUTION TO PUBLIC SCHOOLS			
General Fund	48,219,366	46,758,363	94,977,729
State Special Revenue Fund	190,861,786	190,910,786	381,772,572
Other Special Revenue Fund	3,892,293	3,964,293	7,856,586
AGENCY FUNDING SUMMARY			
General Fund	50,812,988	49,325,618	100,138,606
State Special Revenue Fund	191,419,465	191,468,474	382,887,939
Other Special Revenue Fund	6,562,127	6,617,183	13,179,310
TOTAL AGENCY FUNDING	248,794,580	247,411,275	496,205,855
BILLINGS VO TECH			
INSTRUCTION			
Current Unrestricted Fund	879,445	879,445	1,758,890
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	306,034	309,023	615,057
SUPPORT			
Current Unrestricted Fund	426,834	426,834	853,668
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	1,612,313	1,615,302	3,227,615
TOTAL AGENCY FUNDING	1,612,313	1,615,302	3,227,615
BUTTE VO TECH			
INSTRUCTION			
Current Unrestricted Fund	905,174	905,174	1,810,348
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	177,165	177,168	354,333
SUPPORT			
Current Unrestricted Fund	447,196	447,196	894,392
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	1,529,535	1,529,538	3,059,073
TOTAL AGENCY FUNDING	1,529,535	1,529,538	3,059,073
GREAT FALLS VO TECH			
INSTRUCTION			
Current Unrestricted Fund	1,179,807	1,179,807	2,359,614
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	198,056	197,803	395,859
SUPPORT			
Current Unrestricted Fund	402,644	402,644	805,288
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	1,780,507	1,780,254	3,560,761
TOTAL AGENCY FUNDING	1,780,507	1,780,254	3,560,761
HELENA VO TECH			
INSTRUCTION			
Current Unrestricted Fund	1,264,947	1,264,947	2,529,894
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	271,262	275,604	546,866
SUPPORT			
Current Unrestricted Fund	544,645	544,645	1,089,290
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	2,080,854	2,085,196	4,166,050
TOTAL AGENCY FUNDING	2,080,854	2,085,196	4,166,050
MISSOULA VO TECH			
INSTRUCTION			
Current Unrestricted Fund	1,284,435	1,284,435	2,568,870
PLANT OPERATION & MAINTENANCE			
Current Unrestricted Fund	276,735	277,189	553,924
SUPPORT			
Current Unrestricted Fund	678,959	678,959	1,357,918
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	2,240,129	2,240,583	4,480,712
TOTAL AGENCY FUNDING	2,240,129	2,240,583	4,480,712

AGENCY BUDGET SUMMARY

S-67

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
CRIME CONTROL DIVISION			
JUSTICE SYSTEM SUPPORT SERVICE			
General Fund	414,870	408,770	823,640
State Special Revenue Fund	359,374	475,905	835,279
Other Special Revenue Fund	2,547,000	2,529,000	5,076,000
TOTAL AGENCY FUNDING	3,321,244	3,413,675	6,734,919
HIGHWAY TRAFFIC SAFETY			
HIGHWAY TRAFFIC SAFETY DIV			
General Fund	200,000	200,000	400,000
State Special Revenue Fund	72,000	72,000	144,000
Other Special Revenue Fund	1,100,750	1,099,283	2,200,033
TOTAL AGENCY FUNDING	1,372,750	1,371,283	2,744,033
DEPARTMENT OF JUSTICE			
LEGAL SERVICES DIVISION			
General Fund	828,925	818,923	1,647,848
State Special Revenue Fund	23,919	23,889	47,808
INDIAN LEGAL JURISDICTION			
General Fund	166,155	66,104	232,259
COUNTY PROSECUTOR SERVICES			
General Fund	139,779	139,827	279,606
AGENCY LEGAL SERVICES			
Proprietary Fund	509,898	556,102	1,066,000
DRIVER SERVICES BUREAU			
General Fund	1,898,577	1,848,663	3,747,240
State Special Revenue Fund	443,700	486,700	930,400
Other Special Revenue Fund	100,000	100,000	200,000
HIGHWAY PATROL DIVISION			
State Special Revenue Fund	10,075,153	10,024,028	20,099,181
Other Special Revenue Fund	455,061	455,611	910,672
REGISTRAR'S BUREAU			
State Special Revenue Fund	2,174,635	2,172,568	4,347,203
LAW ENFORCEMENT SERVICES DIV			
General Fund	82,701	82,286	164,987
COUNTY ATTORNEY PAYROLL			
General Fund	969,299	968,431	1,937,730
LAW ENFORCEMENT ACADEMY DIV			
State Special Revenue Fund	532,425	537,692	1,070,117
FIRE MARSHAL BUREAU			
General Fund	321,732	322,066	643,798
IDENTIFICATION BUREAU			
General Fund	237,475	240,389	477,864
CRIMINAL INVESTIGATION BUREAU			
General Fund	172,948	172,892	345,840
SPECIAL INVESTIGATION SECTION			
State Special Revenue Fund	125,827	126,830	252,657
Other Special Revenue Fund	643,335	647,265	1,290,600
CENTRAL SERVICES DIVISION			
Proprietary Fund	377,997	348,728	726,725
DATA PROCESSING DIVISION			
State Special Revenue Fund	978,957	911,831	1,890,788
EXTRADITION & TRANSP PRISONERS			
General Fund	149,621	149,432	299,053
FORENSIC SCIENCE DIVISION			
State Special Revenue Fund	795,738	788,880	1,584,618
AGENCY FUNDING SUMMARY			
General Fund	4,967,212	4,809,013	9,776,225
State Special Revenue Fund	15,150,354	15,072,418	30,222,772
Other Special Revenue Fund	1,198,396	1,202,876	2,401,272
Proprietary Fund	887,895	904,830	1,792,725
TOTAL AGENCY FUNDING	22,203,857	21,989,137	44,192,994
PUBLIC SERVICE REGULATION			
PUBLIC SERVICE REGULATION PROG			
General Fund	1,690,450	1,657,004	3,347,454
Other Special Revenue Fund	25,802	24,302	50,104

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
Proprietary Fund	20,000	20,000	40,000
TOTAL AGENCY FUNDING	1,736,252	1,701,306	3,437,558
BOARD OF PUBLIC EDUCATION			
ADMINISTRATION			
General Fund	125,282	117,423	242,705
ADVISORY COUNCIL			
State Special Revenue Fund	48,204	48,223	96,427
AGENCY FUNDING SUMMARY			
General Fund	125,282	117,423	242,705
State Special Revenue Fund	48,204	48,223	96,427
TOTAL AGENCY FUNDING	173,486	165,646	339,132
COMMISSIONER OF HIGHER ED			
ADMINISTRATION PROGRAM			
General Fund	856,058	841,769	1,697,827
STUDENT ASSISTANCE PROGRAM			
General Fund	3,838,022	3,967,797	7,805,819
State Special Revenue Fund	281,000	279,000	560,000
Other Special Revenue Fund	302,728	302,728	605,456
ED. FOR ECON. SECURITY GRANT			
Other Special Revenue Fund	161,561	161,561	323,122
COMMUNITY COLLEGE ASSISTANCE			
General Fund	3,024,317	3,069,988	6,094,305
MUS GROUP INSURANCE PROGRAM			
Proprietary Fund	9,476,395	10,776,397	20,252,792
TALENT SEARCH			
Other Special Revenue Fund	166,856	169,130	335,986
VO-TECH APPROP. DISTRIB.			
General Fund	5,889,126	5,887,661	11,776,787
State Special Revenue Fund	787,000	796,000	1,583,000
Other Special Revenue Fund	807,474	807,474	1,614,948
VO-TECH ADMIN.			
General Fund	74,895	71,756	146,651
Other Special Revenue Fund	4,200,000	4,200,000	8,400,000
APPROPRIATION DISTRIBUTION			
General Fund	83,595,649	83,670,868	167,266,517
State Special Revenue Fund	12,529,000	12,508,000	25,037,000
GUARANTEED STUDENT LOAN PGM			
Other Special Revenue Fund	1,559,560	1,360,924	2,920,484
AGENCY FUNDING SUMMARY			
General Fund	97,278,067	97,509,839	194,787,906
State Special Revenue Fund	13,597,000	13,583,000	27,180,000
Other Special Revenue Fund	7,198,179	7,001,817	14,199,996
Proprietary Fund	9,476,395	10,776,397	20,252,792
TOTAL AGENCY FUNDING	127,549,641	128,871,053	256,420,694
UNIVERSITY OF MONTANA			
INSTRUCTION			
Current Unrestricted Fund	19,132,720	19,139,263	38,271,983
ORGANIZED RESEARCH			
Current Unrestricted Fund	554,880	555,346	1,110,226
PUBLIC SERVICE			
Current Unrestricted Fund	180,154	180,257	360,411
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	5,028,169	5,100,608	10,128,777
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	956,607	956,607	1,913,214
SUPPORT			
Current Unrestricted Fund	10,103,493	10,056,452	20,159,945
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	35,956,023	35,988,533	71,944,556
TOTAL AGENCY FUNDING	35,956,023	35,988,533	71,944,556
MONTANA STATE UNIVERSITY			
INSTRUCTION			
Current Unrestricted Fund	25,087,701	25,092,886	50,180,587
ORGANIZED RESEARCH			

AGENCY BUDGET SUMMARY

S-69

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
Current Unrestricted Fund	609,254	609,491	1,218,745
PUBLIC SERVICE			
Current Unrestricted Fund	9,554	9,557	19,111
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	5,544,176	5,674,103	11,218,279
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	1,090,188	1,090,188	2,180,376
SUPPORT			
Current Unrestricted Fund	12,276,096	12,229,055	24,505,151
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	44,616,969	44,705,280	89,322,249
TOTAL AGENCY FUNDING	44,616,969	44,705,280	89,322,249
MONT COLLEGE OF MIN SC & TECH			
INSTRUCTION			
Current Unrestricted Fund	4,178,775	4,179,692	8,358,467
ORGANIZED RESEARCH			
Current Unrestricted Fund	41,389	42,958	84,347
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	1,536,106	1,550,793	3,086,899
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	266,801	266,801	533,602
INDEPENDENT OPERATIONS			
Current Unrestricted Fund	1,254,081	1,259,271	2,513,352
SUPPORT			
Current Unrestricted Fund	2,460,771	2,415,113	4,875,884
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	9,737,923	9,714,628	19,452,551
TOTAL AGENCY FUNDING	9,737,923	9,714,628	19,452,551
EASTERN MONTANA COLLEGE			
INSTRUCTION			
Current Unrestricted Fund	6,858,526	6,861,501	13,720,027
PUBLIC SERVICE			
Current Unrestricted Fund	232,509	232,713	465,222
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	2,051,315	2,076,449	4,127,764
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	337,810	337,810	675,620
SUPPORT			
Current Unrestricted Fund	4,324,894	4,279,236	8,604,130
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	13,805,054	13,787,709	27,592,763
TOTAL AGENCY FUNDING	13,805,054	13,787,709	27,592,763
NORTHERN MONTANA COLLEGE			
INSTRUCTION			
Current Unrestricted Fund	4,007,989	4,008,213	8,016,202
PUBLIC SERVICE			
Current Unrestricted Fund	8,891	8,891	17,782
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	1,079,873	1,095,002	2,174,875
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	260,916	260,916	521,832
SUPPORT			
Current Unrestricted Fund	2,129,661	2,091,267	4,220,928
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	7,487,330	7,464,289	14,951,619
TOTAL AGENCY FUNDING	7,487,330	7,464,289	14,951,619
WESTERN MONTANA COLLEGE			
INSTRUCTION			
Current Unrestricted Fund	2,255,208	2,255,753	4,510,961
OPERATION & MAINT OF PLANT			
Current Unrestricted Fund	706,382	714,707	1,421,089
SCHOLARSHIPS & FELLOWSHIPS PGM			
Current Unrestricted Fund	81,972	81,972	163,944
SUPPORT			

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
Current Unrestricted Fund	1,179,648	1,141,254	2,320,902
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	4,223,210	4,193,686	8,416,896
TOTAL AGENCY FUNDING	4,223,210	4,193,686	8,416,896
AGRICULTURAL EXPER STATION			
ORGANIZED RESEARCH			
Current Unrestricted Fund	8,219,493	8,231,309	16,450,802
US RANGE STATION			
Current Unrestricted Fund	423,113	422,874	845,987
AGENCY FUNDING SUMMARY			
Current Unrestricted Fund	8,642,606	8,654,183	17,296,789
TOTAL AGENCY FUNDING	8,642,606	8,654,183	17,296,789
COOPERATIVE EXTENSION SERVICE			
PUBLIC SERVICE			
Current Unrestricted Fund	4,016,298	4,015,710	8,032,008
TOTAL AGENCY FUNDING	4,016,298	4,015,710	8,032,008
FORESTRY & CONS EXPER STATION			
RESEARCH			
Current Unrestricted Fund	630,321	639,696	1,270,017
TOTAL AGENCY FUNDING	630,321	639,696	1,270,017
SCHOOL FOR THE DEAF & BLIND			
ADMINISTRATION PROGRAM			
General Fund	210,845	188,255	399,100
GENERAL SERVICES PROGRAM			
General Fund	270,491	276,116	546,607
STUDENT SERVICES			
General Fund	737,333	706,152	1,443,485
Other Special Revenue Fund	38,000	38,000	76,000
EDUCATION			
General Fund	1,082,062	1,076,728	2,158,790
Other Special Revenue Fund	326,408	331,408	657,816
AGENCY FUNDING SUMMARY			
General Fund	2,300,731	2,247,251	4,547,982
Other Special Revenue Fund	364,408	369,408	733,816
TOTAL AGENCY FUNDING	2,665,139	2,616,659	5,281,798
MONTANA ARTS COUNCIL			
PROMOTION OF THE ARTS			
General Fund	127,726	120,271	247,997
State Special Revenue Fund	31,507	31,521	63,028
Other Special Revenue Fund	425,872	425,871	851,743
TOTAL AGENCY FUNDING	585,105	577,663	1,162,768
LIBRARY COMMISSION			
STATE LIBRARY OPERATIONS			
General Fund	579,375	560,251	1,139,626
State Special Revenue Fund	199,000	168,000	367,000
Other Special Revenue Fund	1,013,114	1,016,822	2,029,936
NATURAL RESOURCES/HERITAGE			
State Special Revenue Fund	211,776	215,936	427,712
Other Special Revenue Fund	15,000	15,000	30,000
AGENCY FUNDING SUMMARY			
General Fund	579,375	560,251	1,139,626
State Special Revenue Fund	410,776	383,936	794,712
Other Special Revenue Fund	1,028,114	1,031,822	2,059,936
TOTAL AGENCY FUNDING	2,018,265	1,976,009	3,994,274
MONTANA COUNCIL ON VOCATIONAL			
ADMINISTRATION PROGRAM			
Other Special Revenue Fund	134,224	130,844	265,068
TOTAL AGENCY FUNDING	134,224	130,844	265,068
HISTORICAL SOCIETY			
ADMINISTRATION PROGRAM			
General Fund	499,649	487,396	987,045
State Special Revenue Fund	47,395	47,403	94,798
Other Special Revenue Fund	135,886	126,380	262,266
LIBRARY PROGRAM			

AGENCY BUDGET SUMMARY

S-71

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
General Fund	368,015	350,362	718,377
Other Special Revenue Fund	118,020	56,866	174,886
MUSEUM PROGRAM			
General Fund	205,439	204,811	410,250
Other Special Revenue Fund	41,630	23,630	65,260
MAGAZINE PROGRAM			
General Fund	41,320	41,319	82,639
Proprietary Fund	441,238	439,166	880,404
HISTORICAL SITES PRESERVATION			
General Fund	65,602	65,754	131,356
Other Special Revenue Fund	548,322	552,785	1,101,107
AGENCY FUNDING SUMMARY			
General Fund	1,180,025	1,149,642	2,329,667
State Special Revenue Fund	47,395	47,403	94,798
Other Special Revenue Fund	843,858	759,661	1,603,519
Proprietary Fund	441,238	439,166	880,404
TOTAL AGENCY FUNDING	2,512,516	2,395,872	4,908,388
BOARD OF REGENTS			
VO-TECH BOND PAYMENTS			
General Fund	730,905	717,068	1,447,973
ADMINISTRATION PROGRAM			
General Fund	32,817	32,868	65,685
AGENCY FUNDING SUMMARY			
General Fund	763,722	749,936	1,513,658
TOTAL AGENCY FUNDING	763,722	749,936	1,513,658
FIRE SERVICES TRAINING SCHOOL			
General Fund	198,473	199,282	397,755
Proprietary Fund	20,400	20,400	40,800
TOTAL AGENCY FUNDING	218,873	219,682	438,555
DEPT OF FISH, WILDLIFE & PARKS			
MANAGEMENT SERVICES DIVISION			
State Special Revenue Fund	1,794,639	1,315,233	3,109,872
Other Special Revenue Fund	443,440	429,593	873,033
Proprietary Fund	1,797,143	1,840,816	3,637,959
FIELD SERVICES DIVISION			
State Special Revenue Fund	2,382,812	2,427,675	4,810,487
Other Special Revenue Fund	241,737	238,760	480,497
Proprietary Fund	118,707	100,423	219,130
FISHERIES DIVISION			
State Special Revenue Fund	3,068,818	3,022,473	6,091,291
Other Special Revenue Fund	3,057,494	3,006,445	6,063,939
LAW ENFORCEMENT DIVISION			
State Special Revenue Fund	3,832,903	3,890,859	7,723,762
Other Special Revenue Fund	65,936	35,882	101,818
WILDLIFE DIVISION			
State Special Revenue Fund	3,624,217	3,638,923	7,263,140
Other Special Revenue Fund	4,034,929	4,065,841	8,100,770
RECREATION & PARKS DIVISION			
State Special Revenue Fund	2,980,042	2,872,803	5,852,845
Other Special Revenue Fund	999,866	381,496	1,381,362
Proprietary Fund	355,997	347,348	703,345
CAPITAL OUTLAY			
State Special Revenue Fund	921,235	555,739	1,476,974
Other Special Revenue Fund	931,750	78,125	1,009,875
CONSERVATION EDUCATION DIV			
State Special Revenue Fund	1,141,218	1,150,101	2,291,319
Other Special Revenue Fund	141,527	163,718	305,245
ADMINISTRATION			
State Special Revenue Fund	1,512,494	1,563,458	3,075,952
Other Special Revenue Fund	396,004	384,354	780,358
AGENCY FUNDING SUMMARY			
State Special Revenue Fund	21,258,378	20,437,264	41,695,642
Other Special Revenue Fund	10,312,683	8,784,214	19,096,897

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
Proprietary Fund	2,271,847	2,288,587	4,560,434
TOTAL AGENCY FUNDING	33,842,908	31,510,065	65,352,973
DEPT HEALTH & ENVIRON SCIENCES			
DIRECTOR'S OFFICE			
General Fund	230,139	229,449	459,588
State Special Revenue Fund	200,000	200,000	400,000
Other Special Revenue Fund	232,515	235,156	467,671
CENTRAL SERVICES			
General Fund	690,537	679,010	1,369,547
State Special Revenue Fund	1,020,046	771,630	1,791,676
Other Special Revenue Fund	926,412	863,010	1,789,422
ENVIRONMENTAL SCIENCES			
General Fund	944,142	924,290	1,868,432
State Special Revenue Fund	566,791	459,397	1,026,188
Other Special Revenue Fund	682,134	679,526	1,361,660
SOLID/HAZARDOUS WASTE			
State Special Revenue Fund	1,661,512	1,713,811	3,375,323
Other Special Revenue Fund	3,602,556	3,680,335	7,282,891
WATER QUALITY			
General Fund	137,965	139,064	277,029
State Special Revenue Fund	561,830	495,134	1,056,964
Other Special Revenue Fund	2,018,632	2,018,528	4,037,160
HEALTH SERVICES/MEDICAL FAC			
General Fund	413,057	414,259	827,316
State Special Revenue Fund	44,565	44,702	89,267
Other Special Revenue Fund	291,772	293,327	585,099
FAMILY/MCH BUREAU			
General Fund	72,321	73,526	145,847
Other Special Revenue Fund	13,994,338	14,824,481	28,818,819
PREVENTIVE HEALTH BUREAU			
General Fund	308,800	302,828	611,628
Other Special Revenue Fund	1,206,730	1,269,623	2,476,353
LICENSING AND CERTIFICATION	454,152	450,902	905,054
General Fund			
Other Special Revenue Fund	1,273,684	1,250,571	2,524,255
HEALTH PLANNING			
General Fund	202,386	202,885	405,271
AGENCY FUNDING SUMMARY			
General Fund	3,453,499	3,416,213	6,869,712
State Special Revenue Fund	4,054,744	3,684,674	7,739,418
Other Special Revenue Fund	24,228,773	25,114,557	49,343,330
TOTAL AGENCY FUNDING	31,737,016	32,215,444	63,952,460
DEPARTMENT OF HIGHWAYS			
GENERAL OPERATIONS PROGRAM			
State Special Revenue Fund	20,229,730	20,104,954	40,334,684
Other Special Revenue Fund	1,936,000	1,895,467	3,831,467
CONSTRUCTION PROGRAM			
State Special Revenue Fund	63,697,989	55,325,023	119,023,012
Other Special Revenue Fund	103,729,301	82,842,105	186,571,406
MAINTENANCE PROGRAM			
State Special Revenue Fund	44,043,402	44,695,868	88,739,270
PRECONSTRUCTION PROGRAM			
State Special Revenue Fund	5,138,414	6,058,287	11,196,701
Other Special Revenue Fund	9,559,047	11,398,075	20,957,122
STATE MOTOR POOL			
Proprietary Fund	1,035,353	1,015,750	2,051,103
EQUIPMENT PROGRAM			
Proprietary Fund	13,066,907	13,077,143	26,144,050
INTERFUND TRANSFERS PROGRAM			
State Special Revenue Fund	39,575,071	37,464,940	77,040,011
Proprietary Fund	163,653		163,653
STORES INVENTORY			
State Special Revenue Fund	12,920,457	12,989,537	25,909,994
G.V.W.			

AGENCY BUDGET SUMMARY

S-73

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
State Special Revenue Fund	3,315,208	3,336,380	6,651,588
AGENCY FUNDING SUMMARY			
State Special Revenue Fund	188,920,271	179,974,989	368,895,260
Other Special Revenue Fund	115,224,348	96,135,647	211,359,995
Proprietary Fund	14,265,913	14,092,893	28,358,806
TOTAL AGENCY FUNDING	318,410,532	290,203,529	608,614,061
DEPARTMENT OF STATE LANDS			
CENTRAL MANAGEMENT PROGRAM			
General Fund	1,354,116	1,338,288	2,692,404
State Special Revenue Fund	188,233	185,357	373,590
Other Special Revenue Fund	121,526	121,526	243,052
Proprietary Fund	183,524	183,704	367,228
RECLAMATION PROGRAM			
General Fund	242,971	245,864	488,835
State Special Revenue Fund	1,200,000	1,100,000	2,300,000
Other Special Revenue Fund	8,702,794	8,551,904	17,254,698
LAND ADMINISTRATION PGM			
General Fund	677,233	640,816	1,318,049
RESOURCE DEVELOPMENT PGM			
State Special Revenue Fund	280,477	278,652	559,129
FORESTRY			
General Fund	5,338,028	5,228,324	10,566,352
State Special Revenue Fund	1,886,256	1,847,367	3,733,623
Other Special Revenue Fund	1,650,042	1,636,623	3,286,665
AGENCY FUNDING SUMMARY			
General Fund	7,612,348	7,453,292	15,065,640
State Special Revenue Fund	3,554,966	3,411,376	6,966,342
Other Special Revenue Fund	10,474,362	10,310,053	20,784,415
Proprietary Fund	183,524	183,704	367,228
TOTAL AGENCY FUNDING	21,825,200	21,358,425	43,183,625
DEPARTMENT OF LIVESTOCK			
CENTRALIZED SERVICES PROGRAM			
General Fund	81,795	79,752	161,547
State Special Revenue Fund	341,598	336,234	677,832
Other Special Revenue Fund	16,610	16,621	33,231
DIAGNOSTIC LABORATORY PROGRAM			
General Fund	305,388	305,388	610,776
State Special Revenue Fund	476,631	475,447	952,078
DISEASE CONTROL PROGRAM			
State Special Revenue Fund	484,585	493,611	978,196
MILK & EGG PROGRAM			
General Fund	188,413	179,827	368,240
Other Special Revenue Fund	30,000	30,000	60,000
INSPECTION & CONTROL PROGRAM			
State Special Revenue Fund	1,912,128	2,010,862	3,922,990
PREDATORY ANIMAL CONTROL PGM			
State Special Revenue Fund	249,203	251,035	500,238
RABIES CONTROL			
General Fund	41,912	41,930	83,842
State Special Revenue Fund	15,000	15,000	30,000
MEAT INSPECTION PROGRAM			
General Fund	139,400	139,600	279,000
Other Special Revenue Fund	139,400	139,600	279,000
AGENCY FUNDING SUMMARY			
General Fund	756,908	746,497	1,503,405
State Special Revenue Fund	3,479,145	3,582,189	7,061,334
Other Special Revenue Fund	186,010	186,221	372,231
TOTAL AGENCY FUNDING	4,422,063	4,514,907	8,936,970
DEPT NAT RESOURCE/CONSERVATION			
CENTRALIZED SERVICES			
General Fund	1,111,126	1,112,688	2,223,814
State Special Revenue Fund	383,396	377,976	761,372
Other Special Revenue Fund	89,500	55,250	144,750
OIL & GAS REGULATION			

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
State Special Revenue Fund	1,082,052	1,077,483	2,159,535
CONSERVATION DISTRICTS			
State Special Revenue Fund	542,116	538,332	1,080,448
Other Special Revenue Fund	5,000	5,000	10,000
WATER RESOURCES & PLANNING			
General Fund	1,317,208	1,278,391	2,595,599
State Special Revenue Fund	7,144,720	3,595,579	10,740,299
Other Special Revenue Fund	92,000	50,000	142,000
ENERGY PLANNING			
State Special Revenue Fund	1,649,978	1,654,970	3,304,948
Other Special Revenue Fund	2,751,488	1,059,373	3,810,861
AGENCY FUNDING SUMMARY			
General Fund	2,428,334	2,391,079	4,819,413
State Special Revenue Fund	10,802,262	7,244,340	18,046,602
Other Special Revenue Fund	2,937,988	1,169,623	4,107,611
TOTAL AGENCY FUNDING	16,168,584	10,805,042	26,973,626
DEPARTMENT OF REVENUE			
DIRECTORS OFFICE			
General Fund	595,565	534,488	1,130,053
State Special Revenue Fund	103,271	81,958	185,229
Proprietary Fund	76,402	49,446	125,848
CENTRALIZED SERVICES DIVISION			
General Fund	850,820	848,842	1,699,662
State Special Revenue Fund	2,192,000	2,138,000	4,330,000
Other Special Revenue Fund	6,602	6,587	13,189
DATA PROCESSING DIVISION			
General Fund	1,141,197	1,127,458	2,268,655
Proprietary Fund	494,417	487,753	982,170
INVESTIGATION AND ENFORCEMENT			
General Fund	597,018	593,830	1,190,848
State Special Revenue Fund	505,900	504,799	1,010,699
Other Special Revenue Fund	1,265,937	1,257,223	2,523,160
Proprietary Fund	287,425	286,093	573,518
LIQUOR DIVISION			
Proprietary Fund	38,877,742	36,403,621	75,281,363
INCOME TAX			
General Fund	3,375,174	3,263,259	6,638,433
State Special Revenue Fund	397,701	384,359	782,060
CORPORATION TAX			
General Fund	1,142,816	1,149,871	2,292,687
State Special Revenue Fund	4,182,242	4,236,691	8,418,933
Other Special Revenue Fund	131,920	132,733	264,653
PROPERTY VALUATION			
General Fund	10,557,932	9,390,073	19,948,005
MOTOR FUEL TAX			
State Special Revenue Fund	585,179	579,579	1,164,758
AGENCY FUNDING SUMMARY			
General Fund	18,260,522	16,907,821	35,168,343
State Special Revenue Fund	7,966,293	7,925,386	15,891,679
Other Special Revenue Fund	1,404,459	1,396,543	2,801,002
Proprietary Fund	39,735,986	37,226,913	76,962,899
TOTAL AGENCY FUNDING	67,367,260	63,456,663	130,823,923
DEPARTMENT OF ADMINISTRATION			
DIRECTOR'S OFFICE			
General Fund	255,348	255,904	511,252
Proprietary Fund	60,748	60,948	121,696
ACCOUNTING PROGRAM	656,014	622,992	1,279,006
General Fund			
Proprietary Fund	13,787	13,782	27,569
ARCH & ENGINEERING PGM			
State Special Revenue Fund	558,863	563,378	1,122,241
Capital Projects Fund	558,863	563,378	1,122,241
"PUBLICATIONS AND GRAPHICS"			
Proprietary Fund	4,503,824	4,864,943	9,368,767

AGENCY BUDGET SUMMARY

S-75

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
INFORMATION SERVICES DIVISION			
State Special Revenue Fund	1,070,000	1,070,000	2,140,000
Proprietary Fund	17,385,085	17,148,539	34,533,624
GENERAL SERVICES PROGRAM			
General Fund	437,898	440,009	877,907
Capital Projects Fund	58,801	58,801	117,602
Proprietary Fund	3,287,631	3,307,288	6,594,919
PROPERTY AND SUPPLY BUREAU			
Proprietary Fund	3,157,373	3,428,329	6,585,702
PURCHASING PROGRAM			
General Fund	457,065	443,222	900,287
MAIL & DISTRIBUTION BUREAU			
Proprietary Fund	1,477,658	1,519,799	2,997,457
CENTRALIZED SERVICES DIVISION			
General Fund	408,594	401,954	810,548
Proprietary Fund	30,167	30,302	60,469
STATE PERSONNEL DIVISION			
General Fund	878,840	884,966	1,763,806
Proprietary Fund	28,545,636	32,607,591	61,153,227
TORT CLAIMS DIVISION			
State Special Revenue Fund	500,000	500,000	1,000,000
Proprietary Fund	5,526,474	5,500,284	11,026,758
WORKERS COMPENSATION JUDGE			
State Special Revenue Fund	301,552	298,345	599,897
STATE TAX APPEAL BOARD			
General Fund	364,023	394,763	758,786
BONDS & TANS			
General Fund	12,962,053	12,797,957	25,760,010
State Special Revenue Fund	482,029	474,936	956,965
Capital Projects Fund	600,000	600,000	1,200,000
AGENCY FUNDING SUMMARY			
General Fund	16,419,835	16,241,767	32,661,602
State Special Revenue Fund	2,912,444	2,906,659	5,819,103
Capital Projects Fund	1,217,664	1,222,179	2,439,843
Proprietary Fund	63,988,383	68,481,805	132,470,188
TOTAL AGENCY FUNDING	84,538,326	88,852,410	173,390,736
PUBLIC EMPLOYEES RETIREMENT BD			
PUBLIC EMPLOYEES RETIREMENT			
Non-expendable Trust Fund	845,953	710,615	1,556,568
TOTAL AGENCY FUNDING	845,953	710,615	1,556,568
TEACHERS RETIREMENT BOARD			
TEACHERS RETIREMENT PROGRAM			
Non-expendable Trust Fund	459,997	428,182	888,179
TOTAL AGENCY FUNDING	459,997	428,182	888,179
DEPARTMENT OF AGRICULTURE			
CENTRALIZED SERVICES DIVISION			
General Fund	211,683	192,385	404,068
State Special Revenue Fund	92,462	94,162	186,624
Other Special Revenue Fund	64,725	65,055	129,780
Expendable Trust Fund	31,729	32,282	64,011
ENVIRONMENTAL MANAGEMENT DIV			
General Fund	682,311	670,294	1,352,605
State Special Revenue Fund	176,267	167,778	344,045
Other Special Revenue Fund	224,192	246,701	470,893
PLANT INDUSTRY DIVISION			
General Fund	433,090	420,934	854,024
State Special Revenue Fund	482,600	494,727	977,327
Other Special Revenue Fund	10,215	9,967	20,182
Proprietary Fund	30,716	30,865	61,581
AGRICULTURAL DEVELOPMENT			
General Fund	186,725	181,966	368,691
State Special Revenue Fund	631,097	632,733	1,263,830
Other Special Revenue Fund	1,603,214	1,605,954	3,209,168
Expendable Trust Fund	239,408	239,217	478,625

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
AGENCY FUNDING SUMMARY			
General Fund	1,513,809	1,465,579	2,979,388
State Special Revenue Fund	1,382,426	1,389,400	2,771,826
Other Special Revenue Fund	1,902,346	1,927,677	3,830,023
Proprietary Fund	30,716	30,865	61,581
Expendable Trust Fund	271,137	271,499	542,636
TOTAL AGENCY FUNDING	5,100,434	5,085,020	10,185,454
DEPARTMENT OF INSTITUTIONS			
DIRECTOR			
General Fund	383,539	384,711	768,250
MANAGEMENT SERVICES DIVISION			
General Fund	990,609	849,877	1,840,486
State Special Revenue Fund	4,455		4,455
Other Special Revenue Fund	7,637		7,637
Proprietary Fund	6,047		6,047
ALCOHOL & DRUG ABUSE DIVISION			
General Fund	215,200	215,200	430,400
State Special Revenue Fund	1,340,404	1,218,929	2,559,333
Other Special Revenue Fund	1,610,323	1,610,323	3,220,646
CORRECTIONS			
General Fund	3,889,122	3,838,610	7,727,732
State Special Revenue Fund	1,000	1,000	2,000
WOMEN'S CORRECTIONAL PROGRAM			
General Fund	739,166	740,562	1,479,728
CORRECTION'S MEDICAL BUDGET			
General Fund	780,327	803,574	1,583,901
MENTAL HLTH/RESIDENTIAL SERV			
General Fund	4,113,598	4,114,324	8,227,922
Other Special Revenue Fund	1,690,122	1,605,426	3,295,548
AGENCY FUNDING SUMMARY			
General Fund	11,111,561	10,946,858	22,058,419
State Special Revenue Fund	1,345,859	1,219,929	2,565,788
Other Special Revenue Fund	3,308,082	3,215,749	6,523,831
Proprietary Fund	6,047		6,047
TOTAL AGENCY FUNDING	15,771,549	15,382,536	31,154,085
MONTANA DEVELOPMENTAL CENTER			
SERVICE & SUPPORT			
General Fund	12,204,240	12,264,979	24,469,219
State Special Revenue Fund	49,000	49,000	98,000
Other Special Revenue Fund	23,336	22,385	45,721
TOTAL AGENCY FUNDING	12,276,576	12,336,364	24,612,940
CENTER FOR THE AGED			
RESIDENTIAL SERVICES			
General Fund	2,725,651	2,745,474	5,471,125
State Special Revenue Fund	17,035	15,135	32,170
TOTAL AGENCY FUNDING	2,742,686	2,760,609	5,503,295
EASTMONT TRAINING CENTER			
CARE & CUSTODY			
General Fund	2,284,076	2,272,537	4,556,613
State Special Revenue Fund	700	700	1,400
TOTAL AGENCY FUNDING	2,284,776	2,273,237	4,558,013
MONTANA STATE PRISON			
CARE & CUSTODY			
General Fund	12,855,163	13,006,864	25,862,027
State Special Revenue Fund	52,008	51,994	104,002
Other Special Revenue Fund	100,722	100,777	201,499
RANCH & DAIRY			
Proprietary Fund	1,450,161	1,469,122	2,919,283
LICENSE PLATE FACTORY			
State Special Revenue Fund	418,170	444,922	863,092
PRISON INDUSTRIES REVOLVING			
Proprietary Fund	917,952	1,055,354	1,973,306
PRISON CANTEEN			
State Special Revenue Fund	931,869	1,159,250	2,091,119

AGENCY BUDGET SUMMARY

S-77

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
PRISON INDUSTRIES TRAINING			
General Fund	167,624	171,304	338,928
Other Special Revenue Fund	26,991	26,983	53,974
Proprietary Fund	246,493	252,513	499,006
AGENCY FUNDING SUMMARY			
General Fund	13,022,787	13,178,168	26,200,955
State Special Revenue Fund	1,402,047	1,656,166	3,058,213
Other Special Revenue Fund	127,713	127,760	255,473
Proprietary Fund	2,614,606	2,776,989	5,391,595
TOTAL AGENCY FUNDING	17,167,153	17,739,083	34,906,236
SWAN RIVER YOUTH FOREST CAMP			
CARE & CUSTODY			
General Fund	855,686	849,221	1,704,907
State Special Revenue Fund	85,002	87,016	172,018
Other Special Revenue Fund	29,598	29,598	59,196
TOTAL AGENCY FUNDING	970,286	965,835	1,936,121
VETERANS HOME			
CARE & CUSTODY			
General Fund	689,505	691,556	1,381,061
State Special Revenue Fund	20,764	20,764	41,528
Other Special Revenue Fund	1,689,370	1,689,370	3,378,740
TOTAL AGENCY FUNDING	2,399,639	2,401,690	4,801,329
MONTANA STATE HOSPITAL			
TREATMENT SERVICES			
General Fund	19,730,947	19,954,862	39,685,809
State Special Revenue Fund	1,748,126	1,748,653	3,496,779
Other Special Revenue Fund	2,485	2,565	5,050
TOTAL AGENCY FUNDING	21,481,558	21,706,080	43,187,638
BOARD OF PARDONS			
BOARD SERVICES			
General Fund	163,610	160,529	324,139
TOTAL AGENCY FUNDING	163,610	160,529	324,139
DEPARTMENT OF COMMERCE			
BUSINESS LICENSING/REGULATION			
State Special Revenue Fund	89,107	89,147	178,254
Proprietary Fund	60,133	59,888	120,021
WEIGHT & MEASURES BUREAU			
General Fund	449,681	450,114	899,795
FINANCIAL DIVISION			
State Special Revenue Fund	773,112	770,639	1,543,751
MILK CONTROL BUREAU			
State Special Revenue Fund	292,813	288,156	580,969
POL BUREAU			
State Special Revenue Fund	1,807,764	1,800,676	3,608,440
Proprietary Fund	716,777	713,235	1,430,012
AERONAUTICS DIVISION			
State Special Revenue Fund	907,078	886,173	1,793,251
Other Special Revenue Fund	75,000	75,000	150,000
Proprietary Fund	51,327	51,381	102,708
TRANSPORTATION DIVISION			
General Fund	515,193	499,577	1,014,770
State Special Revenue Fund	71,250	71,250	142,500
Other Special Revenue Fund	2,407,430	852,550	3,259,980
BUSINESS ASSISTANCE DIVISION			
General Fund	706,054	697,199	1,403,253
State Special Revenue Fund	644,016	594,016	1,238,032
Other Special Revenue Fund	335,250	330,250	665,500
MONTANA PROMOTION DIVISION			
State Special Revenue Fund	4,331,343	4,331,237	8,662,580
Other Special Revenue Fund	352,095	352,095	704,190
HOUSING ASSISTANCE BUREAU			
Other Special Revenue Fund	12,685,142	12,685,142	25,370,284
COMMUNITY DEVELOPMENT BUREAU			
General Fund	579,193	584,101	1,163,294

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
State Special Revenue Fund	107,769	107,680	215,449
Other Special Revenue Fund	5,090,428	5,085,548	10,175,976
OFFICE OF RES. & INFO SERVICES			
General Fund	237,400	282,403	519,803
Other Special Revenue Fund	125,800	125,800	251,600
LOCAL GOV'T SERVICES-AUDIT			
General Fund	43,560	43,560	87,120
Proprietary Fund	998,733	999,978	1,998,711
LOCAL GOV'T SERVICES-SYSTEMS			
General Fund	2,686,209	2,912,209	5,598,418
State Special Revenue Fund	201,000	174,000	375,000
Proprietary Fund	209,104	199,010	408,114
LOCAL GOVT ASSISTANCE ADMIN			
Proprietary Fund	98,303	98,354	196,657
BUILDING CODES BUREAU			
General Fund	33,728	32,336	66,064
State Special Revenue Fund	1,183,930	1,176,897	2,360,827
INDIAN AFFAIRS COORDINATOR			
General Fund	87,285	87,030	174,315
HEALTH FACILITIES AUTHORITY	135,128	134,903	270,031
Proprietary Fund			
MT SCIENCE & TECH ALLIANCE			
General Fund	449,450	447,696	897,146
BOARD OF HOUSING			
Proprietary Fund	1,913,509	1,812,558	3,726,067
INVESTMENTS DIVISION			
Proprietary Fund	1,278,128	1,273,268	2,551,396
VIDEO GAMING CONTROL BUREAU			
State Special Revenue Fund	8,269,782	8,439,615	16,709,397
MONTANA STATE LOTTERY			
Proprietary Fund	20,540,000	22,597,000	43,137,000
BOARD OF HORSE RACING			
State Special Revenue Fund	242,342	242,261	484,603
DIRECTOR/MANAGEMENT SERVICES			
General Fund	94,853	91,418	186,271
Proprietary Fund	798,687	714,658	1,513,345
AGENCY FUNDING SUMMARY			
General Fund	5,882,606	6,127,643	12,010,249
State Special Revenue Fund	18,921,306	18,971,747	37,893,053
Other Special Revenue Fund	21,071,145	19,506,385	40,577,530
Proprietary Fund	26,799,829	28,654,233	55,454,062
TOTAL AGENCY FUNDING	72,674,886	73,260,008	145,934,894
LABOR & IND-EMPLOYMENT SERVS			
JOB SERVICE DIVISION			
State Special Revenue Fund	84,649	84,637	169,286
Other Special Revenue Fund	10,690,330	10,556,206	21,246,536
UNEMPLOYMENT INSURANCE			
Other Special Revenue Fund	3,270,520	3,233,446	6,503,966
COMMISSIONER/CENTRALIZED SERV			
Other Special Revenue Fund	2,640,365	2,621,689	5,262,054
EMPLOYMENT RELATIONS			
State Special Revenue Fund	221,542	221,300	442,842
Other Special Revenue Fund	1,863,278	1,844,384	3,707,662
Proprietary Fund	3,500	3,500	7,000
EMPLOYMENT POLICY DIVISION			
Other Special Revenue Fund	2,568,682	2,697,639	5,266,321
HUMAN RIGHTS DIVISION			
Other Special Revenue Fund	375,470	336,043	711,513
JOB TRAINING PARTNERSHIP ACT			
General Fund	332,991	665,404	998,395
Other Special Revenue Fund	9,983,165	11,982,123	21,965,288
EMPLOYMENT & TRNG - FOOD STAMP			
General Fund	738,676	738,676	1,477,352
Other Special Revenue Fund	1,450,447	1,449,272	2,899,719

AGENCY BUDGET SUMMARY

S-79

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
AGENCY FUNDING SUMMARY			
General Fund	1,071,667	1,404,080	2,475,747
State Special Revenue Fund	306,191	305,937	612,128
Other Special Revenue Fund	32,842,257	34,720,802	67,563,059
Proprietary Fund	3,500	3,500	7,000
TOTAL AGENCY FUNDING	34,223,615	36,434,319	70,657,934
LABOR & IND-WORKERS' COMP			
ADMINISTRATION PROGRAM			
State Special Revenue Fund	14,539,673	14,231,774	28,771,447
Other Special Revenue Fund	24,988	24,896	49,884
STATE INSURANCE FUND			
State Special Revenue Fund	4,515,258	4,547,617	9,062,875
INSURANCE COMPLIANCE PROGRAM			
General Fund	45,842	43,999	89,841
State Special Revenue Fund	1,740,716	1,717,519	3,458,235
SAFETY AND HEALTH PROGRAM			
State Special Revenue Fund	860,400	829,879	1,690,279
Other Special Revenue Fund	101,357	101,645	203,002
AGENCY FUNDING SUMMARY			
General Fund	45,842	43,999	89,841
State Special Revenue Fund	21,656,047	21,326,789	42,982,836
Other Special Revenue Fund	126,345	126,541	252,886
TOTAL AGENCY FUNDING	21,828,234	21,497,329	43,325,563
ADJUTANT GENERAL			
ADMINISTRATION PROGRAM			
General Fund	203,773	201,140	404,913
ARMY NATIONAL GUARD PGM			
General Fund	944,951	958,563	1,903,514
Other Special Revenue Fund	818,472	826,358	1,644,830
AIR NATIONAL GUARD PGM			
General Fund	126,307	129,473	255,780
Other Special Revenue Fund	1,365,900	1,376,995	2,742,895
DISASTER COORDINATION RESPONSE			
General Fund	220,493	216,859	437,352
State Special Revenue Fund	12,000	12,000	24,000
Other Special Revenue Fund	280,837	277,213	558,050
EMERGENCY MGMT DEVELOPMENT			
Other Special Revenue Fund	267,502	264,983	532,485
LOCAL REIMBURSEMENT-DES			
Other Special Revenue Fund	600,000	600,000	1,200,000
VETERANS AFFAIRS PROGRAM			
General Fund	450,077	444,904	894,981
Other Special Revenue Fund	34,000	34,000	68,000
AGENCY FUNDING SUMMARY			
General Fund	1,945,601	1,950,939	3,896,540
State Special Revenue Fund	12,000	12,000	24,000
Other Special Revenue Fund	3,366,711	3,379,549	6,746,260
TOTAL AGENCY FUNDING	5,324,312	5,342,488	10,666,800
DEPT SOCIAL & REHAB SERVICES			
ASSISTANCE PAYMENT PROGRAM			
General Fund	18,611,094	19,863,884	38,474,978
Other Special Revenue Fund	48,977,729	53,196,110	102,173,839
ELIGIBILITY DETERMINATION PGM			
General Fund	2,353,129	2,352,622	4,705,751
Other Special Revenue Fund	6,525,670	6,531,782	13,057,452
ADMINISTRATIVE & SUPPORT SVS			
General Fund	1,028,327	975,256	2,003,583
Other Special Revenue Fund	1,991,780	1,945,478	3,937,258
STATE ASSUMED COUNTY ADMIN.			
General Fund	661,706	702,130	1,363,836
Other Special Revenue Fund	439,477	437,551	877,028
MEDICAL ASSISTANCE			
General Fund	48,260,095	50,362,885	98,622,980
State Special Revenue Fund	6,907,000	7,030,000	13,937,000

AGENCY BUDGET SUMMARY

	Recommended FY 1990	Recommended FY 1991	Recommended FY 90-91
Other Special Revenue Fund	131,322,468	136,033,386	267,355,854
AUDIT AND PRO. COMPLIANCE DIV.			
General Fund	613,663	609,044	1,222,707
Other Special Revenue Fund	756,689	751,030	1,507,719
VOCATIONAL REHABILITATION PGM			
General Fund	976,162	1,037,502	2,013,664
State Special Revenue Fund	1,001,776	960,005	1,961,781
Other Special Revenue Fund	5,717,284	5,899,545	11,616,829
DISABILITY DETERMINATION PGM	2,660,706	2,595,505	5,256,211
Other Special Revenue Fund			
VISUAL SERVICES PRGM			
General Fund	267,525	268,632	536,157
Other Special Revenue Fund	931,003	938,545	1,869,548
DEVELOPMENTAL DISAB PROGRAM			
General Fund	6,580,873	7,083,514	13,664,387
Other Special Revenue Fund	14,254,772	14,855,750	29,110,522
DEVELOPE DISAB ADVIS COUNCIL			
Other Special Revenue Fund	300,000	300,000	600,000
AGENCY FUNDING SUMMARY			
General Fund	79,352,574	83,255,469	162,608,043
State Special Revenue Fund	7,908,776	7,990,005	15,898,781
Other Special Revenue Fund	213,877,578	223,484,682	437,362,260
TOTAL AGENCY FUNDING	301,138,928	314,730,156	615,869,084
DEPARTMENT OF FAMILY SERVICES			
MANAGEMENT SUPPORT			
General Fund	1,442,489	1,393,660	2,836,149
Other Special Revenue Fund	504,612	487,034	991,646
COMMUNITY SERVICES			
General Fund	14,500,572	14,817,264	29,317,836
State Special Revenue Fund	141,194	106,181	247,375
Other Special Revenue Fund	10,390,408	10,465,809	20,856,217
MOUNTAIN VIEW			
General Fund	1,762,381	1,781,732	3,544,113
State Special Revenue Fund	3,213	3,213	6,426
Other Special Revenue Fund	85,918	85,933	171,851
PINE HILLS			
General Fund	2,941,817	2,960,623	5,902,440
State Special Revenue Fund	51,221	51,246	102,467
Other Special Revenue Fund	533,378	539,814	1,073,192
AGENCY FUNDING SUMMARY			
General Fund	20,647,259	20,953,279	41,600,538
State Special Revenue Fund	195,628	160,640	356,268
Other Special Revenue Fund	11,514,316	11,578,590	23,092,906
TOTAL AGENCY FUNDING	32,357,203	32,692,509	65,049,712
STATE FUNDING SUMMARY			
General Fund	395,266,724	396,538,400	791,805,124
State Special Revenue Fund	531,472,331	516,470,396	1,047,942,727
Other Special Revenue Fund	482,553,617	470,576,465	953,130,082
Capital Projects Fund	1,217,664	1,222,179	2,439,843
Proprietary Fund	160,746,279	165,900,282	326,646,561
Expendable Trust Fund	271,137	271,499	542,636
Non-expendable Trust Fund	1,305,950	1,138,797	2,444,747
Current Unrestricted Fund	138,359,072	138,414,587	276,773,659
TOTAL STATE FUNDING	1,711,192,774	1,690,532,605	3,401,725,379

SUMMARY OF TOTAL DISBURSEMENTS

S-81

Summary of Total Disbursements By Object Code

Object	Description	Actual FY 88	Budgeted FY 89	Recommended FY 90	Recommended FY 91
0000	Full Time Equivalent (FTE)	13,956.43	14,086.59	13,966.04	13,941.49
1000	Personal Services		7,980,625	54,731,384	54,741,051
1100	Salaries	290,948,292.08	310,731,222	275,785,310	275,704,823
1200	Hourly Wages	9,107,477.11	1,063,314	607,521	627,468
1300	Other Compensation	365,819.36	403,597	504,939	577,781
1400	Employee Benefits	69,449,302.12	59,838,847	41,829,637	42,071,159
1500	Health Insurance		11,894,809	15,861,705	15,792,759
1600	Vacancy Savings		(9,234,488)	(5,743,853)	(5,739,060)
1900	Personal Services-Other	(1,063,331.43)		128,427	128,461
	Total Level	368,807,559.24	382,677,926	383,705,070	383,904,442
2000	Operating Expenses		67,441,967	9,476,446	9,306,959
2100	Contracted Services	199,402,703.48	184,198,943	210,961,550	176,807,953
2200	Supplies & Material	22,790,850.62	21,165,524	22,808,804	23,121,605
2300	Communications	18,864,559.28	18,392,721	18,453,697	18,502,286
2400	Travel	12,811,431.07	11,135,842	12,216,558	12,237,434
2500	Rent	20,023,970.58	18,539,193	23,461,650	24,181,521
2600	Utilities	11,298,375.49	8,772,795	13,191,271	13,823,474
2700	Repair & Maintenance	32,154,702.86	28,082,246	32,563,401	32,454,087
2800	Other Expenses	22,856,794.59	12,004,997	29,631,484	30,252,979
2900	Goods Purchased For Resale	32,027,497.65	33,879,877	31,909,942	31,402,795
	Total Level	372,230,885.62	403,614,105	404,674,803	372,091,093
3000	Equipment & Intangible Assets		3,966,236	2,436,617	2,308,701
3100	Equipment	22,054,114.91	13,494,441	16,879,575	13,899,974
3200	Livestock	23,058.76	3,000	25,250	25,300
3300	Capital Leases - Equipment	3,000.00		64,941	55,100
3400	Intangible Assets	562,715.46	319,898	529,939	491,107
	Total Level	22,642,889.13	17,783,575	19,936,322	16,780,182
4000	Capital Outlay	22,093,693.03	18,946,841	10,516,205	12,368,315
5000	Local Assistance	241,289,095.38	243,160,089	271,824,575	270,561,643
6000	Grants	73,834,376.67	96,852,488	82,236,213	83,065,476
7000	Benefits & Claims	285,155,227.40	325,730,089	332,303,394	351,587,199
8000	Transfers	184,842,352.08	226,622,500	197,729,840	192,588,786
9000	Debt Service	9,138,448.32	5,430,702	8,266,352	7,585,469
	Total Program	1,580,034,526.87	1,720,818,315	1,711,192,774	1,690,532,605
1000	Personal Services	23.34%	22.24%	22.42%	22.71%
2000	Operating Expenses	23.56	23.45	23.65	22.01
3000	Equipment & Intangible Assets	1.43%	1.03%	1.17%	0.99%
4000	Capital Outlay	1.40%	1.10%	0.61%	0.73%
5000	Local Assistance	15.27%	14.13%	15.89	16.00%
6000	Grants	4.67%	5.63%	4.81%	4.91%
7000	Benefits & Claims	18.05%	18.93%	19.42%	20.80%
8000	Transfers	11.70%	13.17%	11.56%	11.39%
9000	Debt Service	0.58%	0.32%	0.48%	0.45%

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	60.00	60.00	61.00	61.00
Personal Services	1,632,778.98	1,778,059	1,763,850	1,769,463
Operating Expenses	281,433.72	360,452	305,924	282,057
Equipment	91,437.19	28,682	34,332	32,727
Capital Outlay	1,365.92	0	0	0
Total Agency Costs	\$2,007,015.81	\$2,167,193	\$2,104,106	\$2,084,247
General Fund	1,054,720.74	1,102,793	1,053,098	1,032,611
State Special Revenue Fund	952,295.07	1,064,400	1,051,008	1,051,636
Total Funding Costs	\$2,007,015.81	\$2,167,193	\$2,104,106	\$2,084,247
Current Level Services	2,007,015.81	2,167,193	2,066,685	2,061,217
Modified Level Services	0.00	0	37,421	23,030
Total Service Costs	\$2,007,015.81	\$2,167,193	\$2,104,106	\$2,084,247

Agency Description

The Office of the Legislative Auditor was established in 1967 and is governed by the Legislative Audit Act, contained in Title 5, Chapter 13, MCA. Article V, Section 10(4) of the Montana Constitution mandates a legislative post-audit function.

The three functional areas of the agency are: Financial-Compliance Audit, Performance Audit, and Operations/Electronic Data Processing (EDP). An annual statewide financial audit is conducted as well as biennial financial-compliance audits of all state agencies. Legislatively requested audits and performance audits are conducted independently and to determine effectiveness, efficiency, and compliance with laws, rules, goals, and objectives. EDP audits are evaluations of data processing systems and controls, and are conducted independently and in conjunction with financial-compliance and performance audits.

The office works under the general supervision of the bipartisan Legislative Audit Committee. The members are evenly divided between the Senate and House of Representatives.

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

Modification Request

Audit - EDP Auditor 1.00 FTE

The Auditor requests the addition of an entry level EDP Auditor to assist in the completion and evaluation of the state's automated systems. These include the proposed on-line entry of the state's accounting transactions by state agencies (effective January 1, 1989) and the expansion of microcomputer use by state agencies. This request helps ensure continued compliance with auditing standards relating to financial, compliance, performance, and electronic data processing audits. \$21,421 in FY90 and \$23,030 in FY91 of general fund is request.

Audit - Consulting Services

If the state's lottery converts to an automated LOTTO type game the Auditor requests an additional \$16,000 of special revenue fund authority in FY90 to hire consultants to assist in the completion of the biennial lottery security audit.

LEGISLATIVE FISCAL ANALYST

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	17.50	19.00	18.00	18.00
Personal Services	603,092.41	618,161	624,298	624,178
Operating Expenses	129,588.31	273,182	143,437	163,199
Equipment	21,375.57	2,750	19,844	20,297
Debt Service	2,813.40	0	1,407	0
Total Agency Costs	\$756,869.69	\$894,093	\$788,986	\$807,674
General Fund	756,869.69	894,093	788,986	807,674
Total Funding Costs	\$756,869.69	\$894,093	\$788,986	\$807,674
Current Level Services	718,379.28	894,093	730,853	789,512
Modified Level Services	38,490.41	0	58,133	18,162
Total Service Costs	\$756,869.69	\$894,093	\$788,986	\$807,674

Agency Description

The Legislative Finance Committee and the Office of the Legislative Fiscal Analyst were created and are governed by Title 5, chapter 12, MCA. The office staff are responsible for estimating revenue, analyzing the Executive Budget, assisting the Legislature in the development of the state appropriation bills and assisting individual legislators in compiling and analyzing financial information. In addition, the staff of the Fiscal Analyst monitor agency operations throughout the biennium and review executive agency actions that have a fiscal impact upon the state.

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

Modification Request

Committee Meeting Days-The Legislative Fiscal Analyst is requesting \$8,600 in committee salaries and \$5,000 in committee travel. The \$5,000 for committee travel is the amount the budget was reduced on the House Floor in the 1987 session. If approved, the modification will provide a

budget for approximately ten meetings in FY90. \$13,600 of general fund is requested for FY90.

Data Processing Equipment-This request includes replacement of five personal computers for the analysts, three in FY90 and two in FY91; two personal computers used by the secretaries in FY91; and a printer in FY91. Also included in the request is \$1800 in FY90 for software and \$365 each year for a maintenance contract on a personal computer. The agency is requesting general fund in the amount of \$17,709 in FY90 and \$18,162 in FY91.

Data Processing Main Frame Time-Data processing costs for the K-12 study were approximately \$12,443 in FY88. It is anticipated that the K-12 study will continue and with other requested studies the agency will incur additional computer processing costs. \$15,000 of general fund is being requested for FY90.

Analyst Intern - 0.50 FTE-The Legislative Fiscal Analyst is requesting an intern for six months to research and compile expenditure and position information for all state agencies for the last ten years. The anticipated cost of the intern is \$11,824 of general fund in FY90.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	44.70	54.45	43.70	53.70
Personal Services	1,162,249.23	1,439,748	1,372,847	1,483,694
Operating Expenses	829,053.05	1,213,800	1,579,479	616,488
Equipment	9,117.54	9,656	87,300	85,700
Total Agency Costs	\$2,000,419.82	\$2,663,204	\$3,039,626	\$2,185,882
General Fund	1,574,670.39	2,266,562	2,340,591	2,185,882
State Special Revenue Fund	416,489.33	370,902	699,035	0
Federal & Other Spec Rev Fund	9,260.10	25,740	0	0
Total Funding Costs	\$2,000,419.82	\$2,663,204	\$3,039,626	\$2,185,882
Current Level Services	1,991,159.72	2,663,204	3,039,626	2,185,882
Modified Level Services	9,260.10	0	0	0
Total Service Costs	\$2,000,419.82	\$2,663,204	\$3,039,626	\$2,185,882

Agency Description

The Legislative Council provides a variety of support services to the legislature under the general supervision of an eight member bi-partisan committee composed of four members of the House of Representatives and four members of the Senate. Council services include bill drafting, clerical preparation of bills for introduction using automated equipment, and the engrossing and enrolling of bills; printing and distribution of legislative proceedings, session laws, and

journals of the house and senate, and the preparation of indexes to the same; provision of legislative research and reference services; legal counseling for the legislature; business management services; committee staffing; provision of interim investigation authority; service as the agency of interstate cooperation; preparation and publication of the Montana Code Annotated statute text and annotations; and other services as assigned by the legislature. The council was established in 1957. Principal statutory authority is found in Title 5, chapters 5 and 11 and Title 1, chapter 11, MCA.

LEGISLATIVE COUNCIL FEED BILL Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	226.50	31,097	0	0
Operating Expenses	91,072.53	158,402	0	0
Equipment	0.00	218	0	0
Total Program Costs	\$91,299.03	\$189,717	\$0	\$0
General Fund	91,299.03	189,717	0	0
Total Funding Costs	\$91,299.03	\$189,717	\$0	\$0
Current Level Services	91,299.03	189,717	0	0
Total Service Costs	\$91,299.03	\$189,717	\$0	\$0

Program Description

The Legislative Council Feed Bill program provides service support to the legislature including:

- the printing and distribution of legislative proceedings and other related documents,
- operation of the business office,

- provision of legislative telephones, and
- the operation of the legislative information office.

Budget Issues

The budget for the 51st Legislative Session's operational costs will be set by the Legislature.

LEGISLATIVE COUNCIL

INTERIM STUDIES & CONFERENCES
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	21,316.85	9,384	77,288	0
Operating Expenses	90,789.14	160,431	464,221	0
Total Program Costs	\$112,105.99	\$169,815	\$541,509	\$0
General Fund	98,668.79	136,252	529,509	0
State Special Revenue Fund	4,177.10	7,823	12,000	0
Federal & Other Spec Rev Fund	9,260.10	25,740	0	0
Total Funding Costs	\$112,105.99	\$169,815	\$541,509	\$0
Current Level Services	102,845.89	169,815	541,509	0
Modified Level Services	9,260.10	0	0	0
Total Service Costs	\$112,105.99	\$169,815	\$541,509	\$0

Program Description

The Interim Studies and Conferences program exists to process and monitor the expenditures of the various legislative interim committees and conferences. The program has a technical component that represents the service provided by the office in support of the policy component which reflect the legislature's purposes for activities supported by the program. Included in the program are:

- limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA
- support of interstate cooperation activities of the legislature
- support of other legislative activities for which appropriations are made

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

MONTANA CODE ANNOTATED
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	412,249.91	362,141	685,435	0
Equipment	62.32	938	1,600	0
Total Program Costs	\$412,312.23	\$363,079	\$687,035	\$0
State Special Revenue Fund	412,312.23	363,079	687,035	0
Total Funding Costs	\$412,312.23	\$363,079	\$687,035	\$0
Current Level Services	412,312.23	363,079	687,035	0
Total Service Costs	\$412,312.23	\$363,079	\$687,035	\$0

Program Description

The Montana Codes Annotated program supports the publication and distribution of the Montana Code Annotated Statute Text, Annotations, and ancillary publications issued under 1-11-301 and 1-11-303, MCA.

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA. A biennial appropriation is requested.

LEGISLATIVE COUNCIL Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	42.70	52.45	41.70	51.70
Personal Services	1,140,705.88	1,399,267	1,295,559	1,483,694
Operating Expenses	234,941.47	532,826	429,823	616,488
Equipment	9,055.22	8,500	85,700	85,700
Total Program Costs	\$1,384,702.57	\$1,940,593	\$1,811,082	\$2,185,882
General Fund	1,384,702.57	1,940,593	1,811,082	2,185,882
Total Funding Costs	\$1,384,702.57	\$1,940,593	\$1,811,082	\$2,185,882
Current Level Services	1,384,702.57	1,940,593	1,811,082	2,185,882
Total Service Costs	\$1,384,702.57	\$1,940,593	\$1,811,082	\$2,185,882

Program Description

The Legislative Council program provides for overall policy direction of the agency through the Legislative Council. The program also provides the personnel required to support the programs of the agency including an executive director and such other personnel necessary to assist in the preparation of proposed legislative acts and standing and select commit-

tee and subcommittee reports and recommendations and to carry out other council activities.

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	95,148.58	241,052	0	0
Operating Expenses	15,359.48	43,095	0	0
Total Agency Costs	\$110,508.06	\$284,147	\$0	\$0
General Fund	110,508.06	284,147	0	0
Total Funding Costs	\$110,508.06	\$284,147	\$0	\$0
Current Level Services	110,508.06	284,147	0	0
Total Service Costs	\$110,508.06	\$284,147	\$0	\$0

Agency Description

Article V of the Montana Constitution of 1972 vests legislative power in a legislature comprised of a Senate and a House of Representatives. The size of the legislature is provided by law: the senate has no more than fifty and no fewer than forty members. Members are elected from single member districts for four-year terms. The legislature is a continuous body that meets at least once each odd-num-

bered year in regular session of not more than ninety legislative days. It may be convened in special session by the governor or upon written request of a majority of the members.

Budget Issues

\$4,400,000 is reserved in the Executive Budget for FY89 Senate and House operations.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	172,315.77	224,812	0	0
Operating Expenses	5,334.97	69,978	0	0
Equipment	3,875.00	11,920	0	0
Total Agency Costs	\$181,525.74	\$306,710	\$0	\$0
General Fund	181,525.74	306,710	0	0
Total Funding Costs	\$181,525.74	\$306,710	\$0	\$0
Current Level Services	181,525.74	306,710	0	0
Total Service Costs	\$181,525.74	\$306,710	\$0	\$0

Agency Description

Article V of the Montana Constitution of 1972 vests legislative power in a legislature comprised of a Senate and a House of Representatives. The size of the legislature is provided by law: the house has not more than one hundred and no fewer than eighty members. Members of the house are elected from single member districts for two-year terms. The legislature is a continuous body that meets at least once

each odd-numbered year in regular session of no more than ninety legislative days. It may be convened in special session by the Governor or upon written request of a majority of the members.

Budget Issues

\$4,400,000 is reserved in the Executive Budget for FY89 House and Senate operations.

ENVIRONMENTAL QUALITY COUNCIL

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	6.50	6.50	6.50	6.50
Personal Services	175,974.84	179,376	182,225	177,227
Operating Expenses	86,519.26	112,529	79,756	55,245
Equipment	485.00	3,000	3,000	3,000
Total Agency Costs	\$262,979.10	\$294,905	\$264,981	\$235,472
General Fund	217,075.68	239,609	238,781	235,472
State Special Revenue Fund	45,903.42	55,296	26,200	0
Total Funding Costs	\$262,979.10	\$294,905	\$264,981	\$235,472
Current Level Services	227,105.46	294,905	264,981	235,472
Modified Level Services	35,873.64	0	0	0
Total Service Costs	\$262,979.10	\$294,905	\$264,981	\$235,472

Agency Description

The Environmental Quality Council was established by the Extraordinary Session of the 42nd Legislature in 1971 to implement provisions of the Montana Environmental Policy Act (MEPA - Title 75, chapter 1, MCA). The council functions as an arm of the legislature, with the role of anticipating and analyzing the causes of environmental problems and recommending solutions to those problems. The council also

insures that state environmental policy is consistently observed by all state agencies that are concerned with environmental matters. The legislature assigns interim studies relating to natural resources and economic development to the council. The council also assists the legislature by staffing natural resource committees during the legislative sessions. In addition, the Environmental Quality Council is assigned by statute the duties of staffing the permanent Water Policy Committee of the legislature.

ENVIRONMENTAL QUALITY PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	6.25	6.25	6.25	6.25
Personal Services	172,427.31	176,976	176,945	177,227
Operating Expenses	44,163.37	59,633	58,836	55,245
Equipment	485.00	3,000	3,000	3,000
Total Program Costs	\$217,075.68	\$239,609	\$238,781	\$235,472
General Fund	217,075.68	239,609	238,781	235,472
Total Funding Costs	\$217,075.68	\$239,609	\$238,781	\$235,472
Current Level Services	217,075.68	239,609	238,781	235,472
Total Service Costs	\$217,075.68	\$239,609	\$238,781	\$235,472

Program Description

The Environmental Quality Council program reviews the policies and programs of Montana state agencies that are concerned with environmental matters and natural resource development and conservation. The council researches and analyzes environmental trends and problems and recom-

mends ways to improve the state's natural, social, and economic environments.

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

WATER POLICY COMMITTEE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	.25	.25	.25	.25
Personal Services	3,547.53	2,400	5,280	0
Operating Expenses	42,355.89	52,896	20,920	0
Total Program Costs	\$45,903.42	\$55,296	\$26,200	\$0
State Special Revenue Fund	45,903.42	55,296	26,200	0
Total Funding Costs	\$45,903.42	\$55,296	\$26,200	\$0
Current Level Services	10,029.78	55,296	26,200	0
Modified Level Services	35,873.64	0	0	0
Total Service Costs	\$45,903.42	\$55,296	\$26,200	\$0

Program Description

The Water Policy program was set up to operate the Water Policy Committee, statutorily created by the 49th Legislature. The Water Policy Committee's duties include advising the legislature on the adequacy of the state's water policy and of important state, regional, national and international developments relating to Montana's water resources; overseeing the policies and activities of the Department of Natural Resources and Conservation and other entities as

they relate to water management; analyzing and commenting on the state water plan, the water development program, water research, and water data management system; and reporting to the legislature each biennium.

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA. A biennial appropriation is requested.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	4.25	4.25	4.25	4.25
Personal Services	181,892.59	173,898	184,568	185,017
Operating Expenses	460,941.72	668,238	675,490	691,194
Equipment	2,106.53	2,200	3,845	1,260
Total Agency Costs	\$644,940.84	\$844,336	\$863,903	\$877,471
State Special Revenue Fund	644,940.84	844,336	863,903	877,471
Total Funding Costs	\$644,940.84	\$844,336	\$863,903	\$877,471
Current Level Services	644,940.84	844,336	863,903	877,471
Total Service Costs	\$644,940.84	\$844,336	\$863,903	\$877,471

Agency Description

The Office of the Consumer Counsel was created by Article XIII, Section 2 of the 1972 Montana Constitution. The office is governed by Title 5, Chapter 15, MCA and by Title 69, Chapters 1 and 2, MCA. The Consumer Counsel is charged with the "duty of representing consumer interest in hearings before the Public Service Commission or any other successor agency." The Consumer Counsel also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and in administrative agencies on behalf of the public of Montana.

The office is not funded with general fund monies, but rather through a Consumer Counsel Tax on all regulated

entities under the Public Service Commission's jurisdiction (gas, electric, telephone, waste and sewer utilities; motor carriers and railroads). Title 69 provides for both a base appropriation and a contingency appropriation for expenses resulting from an unanticipated caseload.

Budget Issues

This budget is presented as submitted by the agency in accordance with section 17-7-122(2), MCA.

A \$100,000 contingency appropriation for contracted consultant and professional services in each year of the biennium, is included in the budget request.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	92.50	91.16	90.50	90.50
Personal Services	3,701,459.60	3,701,683	3,693,825	3,701,685
Operating Expenses	778,779.58	1,016,431	924,130	914,414
Equipment	271,612.76	205,638	236,759	211,818
Capital Outlay	0.00	0	4,600	0
Total Agency Costs	\$4,751,851.94	\$4,923,752	\$4,859,314	\$4,827,917
General Fund	4,217,087.70	4,256,586	4,221,443	4,192,956
State Special Revenue Fund	467,026.77	631,839	637,871	634,961
Federal & Other Spec Rev Fund	67,737.47	35,327	0	0
Total Funding Costs	\$4,751,851.94	\$4,923,752	\$4,859,314	\$4,827,917
Current Level Services	4,673,421.95	4,751,070	4,859,314	4,827,917
Modified Level Services	78,429.99	172,682	0	0
Total Service Costs	\$4,751,851.94	\$4,923,752	\$4,859,314	\$4,827,917

Agency Description

The Judicial branch of state government is provided for in Article III, Section I and Article VII of the 1972 Montana Constitution. In Section II of Article VII, the jurisdiction of

the Supreme Court is defined. That jurisdiction consists of all appellate jurisdiction and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all courts, and rule making powers for Montana's courts.

SUPREME COURT OPERATIONS Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	32.00	32.00	32.00	32.00
Personal Services	1,033,609.10	1,028,807	1,022,986	1,024,953
Operating Expenses	264,946.62	304,588	295,390	278,712
Equipment	23,923.97	0	15,000	0
Capital Outlay	0.00	0	4,600	0
Total Program Costs	\$1,322,479.69	\$1,333,395	\$1,337,976	\$1,303,665
General Fund	1,315,323.01	1,326,650	1,337,976	1,303,665
Federal & Other Spec Rev Fund	7,156.68	6,745	0	0
Total Funding Costs	\$1,322,479.69	\$1,333,395	\$1,337,976	\$1,303,665
Current Level Services	1,315,323.01	1,333,395	1,337,976	1,303,665
Modified Level Services	7,156.68	0	0	0
Total Service Costs	\$1,322,479.69	\$1,333,395	\$1,337,976	\$1,303,665

Program Description

The Supreme Court Operations Program supports the operations of the Supreme Court itself and includes staff and the Clerk of the Supreme Court.

Budget Issues

A 2% vacancy savings rate is recommended for this program, but is not being applied to the elected official positions of the seven Supreme Court Justices and the Clerk of Court.

Proposed operating expenses increase by approximately \$30,000 and \$14,000 in the 1991 biennium over FY88 actu-

al. The differences are due to \$18,353 in audit costs for the biennium in FY90, office rent increases of \$7,300 in FY90 and \$7,700 in FY91, grounds maintenance increases of \$1,200 and \$700 respectively, and increases in membership dues to the National Center for State Courts of \$4,350 for FY90 and \$6,723 for FY91.

\$12,000 is recommended for single user computers in FY90 along with \$3,000 for software. \$4,600 is included in the FY90 recommendation for remodeling of office space.

The Supreme Court received two federal grants during FY88. A \$703 grant from the Highway Traffic Safety Division for conference fees and travel costs to attend the National Judicial College course, Drugs and Alcohol in the

Courts. A \$13,299 grant was received from the Board of Crime Control to support the Commission on the Use of Appropriate Technology in the Montana Judiciary during the 1989 biennium. \$7,157 of expenditures related to these

two grants are included in FY88 actual - \$4,697 in operating expenses and \$2,460 in equipment. Appropriation authority for the grants was approved through the budget amendment process.

BOARDS AND COMMISSIONS Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	73,755.12	68,240	81,538	81,593
Operating Expenses	101,558.92	113,383	115,792	121,711
Equipment	2,461.63	0	1,560	0
Total Program Costs	\$177,775.67	\$181,623	\$198,890	\$203,304
General Fund	177,775.67	181,623	173,290	181,004
State Special Revenue Fund	0.00	0	25,600	22,300
Total Funding Costs	\$177,775.67	\$181,623	\$198,890	\$203,304
Current Level Services	176,575.67	181,623	198,890	203,304
Modified Level Services	1,200.00	0	0	0
Total Service Costs	\$177,775.67	\$181,623	\$198,890	\$203,304

Program Description

The Boards and Commissions Program staff provide support and supervision of the various boards and commissions appointed or established by the Supreme Court. These boards and commissions perform a variety of services to support jurisprudence within the state, including sentence review, court rule revision, training of court personnel, giving and evaluating bar exams, investigation of complaints against members of the bench and bar, and recommendations for judicial appointments.

Budget Issues

A 2% vacancy savings rate is recommended for this program.

The recommended budget for Boards and Commissions includes \$25,600 in FY90 and \$22,300 in FY91 in operating expenses for the Commission on Courts of Limited Jurisdiction training conferences. The training conference expenditures have not been budgeted in the past and do not show on the Statewide Budgeting and Accounting System. Initially the costs were expended out of general fund and then reimbursed by fees deposited in a trust account. It is recommended that a state special account be established for these training fees and the expenses be budgeted.

The equipment requested includes three filing cabinets and a computer modem.

LAW LIBRARY Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	8.50	7.16	6.50	6.50
Personal Services	202,851.83	178,587	163,806	164,067
Operating Expenses	210,922.80	308,646	284,969	284,973
Equipment	219,966.09	205,638	220,199	211,818
Total Program Costs	\$633,740.72	\$692,871	\$668,974	\$660,858
General Fund	506,460.93	502,114	506,799	498,683
State Special Revenue Fund	66,699.00	162,175	162,175	162,175
Federal & Other Spec Rev Fund	60,580.79	28,582	0	0
Total Funding Costs	\$633,740.72	\$692,871	\$668,974	\$660,858
Current Level Services	563,667.41	520,189	668,974	660,858
Modified Level Services	70,073.31	172,682	0	0
Total Service Costs	\$633,740.72	\$692,871	\$668,974	\$660,858

Program Description

The Law Library program staff are responsible for the operation of the State Law Library. The library is maintained for use by the members of the bar, legislators, state officers and employees, and the general public.

Operating expenses in FY88 include \$48,624 of Westlaw services that were approved through budget amendment. \$162,175 is being recommended for each year of the biennium for Westlaw. User fees are deposited in a state special revenue account and off set the cost of the services.

Budget Issues

FY88 actual expenditures include \$45,720 in personal service costs (2.00 FTE) and \$14,861 in operating costs for the Helena Faxnet Project supported by a grant from the Fred Meyer Trust. The project will not continue into the 1991 biennium.

The equipment request includes \$210,333 for library books in each year of the biennium; \$1,485 in each year for book binding; and \$8,381 in FY90 for a microfiche reader printer, a microfiche cabinet, a typewriter, and a computer printer.

A 2% vacancy savings is recommended for this program.

DISTRICT COURT OPERATIONS Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	36.00	36.00	36.00	36.00
Personal Services	2,080,002.44	2,099,742	2,089,492	2,094,676
Operating Expenses	113,017.68	146,457	113,886	114,928
Equipment	24,507.97	0	0	0
Total Program Costs	\$2,217,528.09	\$2,246,199	\$2,203,378	\$2,209,604
General Fund	2,217,528.09	2,246,199	2,203,378	2,209,604
Total Funding Costs	\$2,217,528.09	\$2,246,199	\$2,203,378	\$2,209,604
Current Level Services	2,217,528.09	2,246,199	2,203,378	2,209,604
Total Service Costs	\$2,217,528.09	\$2,246,199	\$2,203,378	\$2,209,604

Program Description

The District Court Operations Program pays the salaries, travel and judicial education expenses for the 36 district court judges as provided by legislative appropriations.

Budget Issues

No vacancy savings factor was applied to this budget.

The proposed budget allows this program to maintain its current level of operation.

JUDICIARY

WATER COURTS SUPERVISION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	13.00	13.00	13.00	13.00
Personal Services	311,241.11	326,307	336,003	336,396
Operating Expenses	88,333.56	143,357	114,093	114,090
Equipment	753.10	0	0	0
Total Program Costs	\$400,327.77	\$469,664	\$450,096	\$450,486
State Special Revenue Fund	400,327.77	469,664	450,096	450,486
Total Funding Costs	\$400,327.77	\$469,664	\$450,096	\$450,486
Current Level Services	400,327.77	469,664	450,096	450,486
Total Service Costs	\$400,327.77	\$469,664	\$450,096	\$450,486

Program Description

The Water Courts Supervision Program staff are responsible for the adjudication of claims of existing water rights in Montana and supervision of the distribution of water among the four water divisions.

Budget Issues

Recent clarifications of the adjudication process will increase the rate and number of basins decreed in the 1991 biennium, plus the possibility of adjudication of Indian rights. The recommended budget is adjusted for the anticipated work load increase.

A 2% vacancy savings rate is recommended for this program.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	61.54	62.26	58.40	54.90
Personal Services	1,876,676.63	1,989,791	1,965,229	1,846,939
Operating Expenses	987,387.02	1,279,515	960,376	774,574
Equipment	58,841.14	3,300	6,827	5,828
Grants	0.00	1,300,000	200,000	0
Total Agency Costs	\$2,922,904.79	\$4,572,606	\$3,132,432	\$2,627,341
General Fund	2,152,966.56	2,226,802	2,250,238	2,172,338
State Special Revenue Fund	339,745.03	1,828,220	457,212	29,116
Federal & Other Spec Rev Fund	430,193.20	517,584	424,982	425,887
Total Funding Costs	\$2,922,904.79	\$4,572,606	\$3,132,432	\$2,627,341
Current Level Services	2,726,756.62	4,493,796	2,986,162	2,587,341
Modified Level Services	196,148.17	78,810	146,270	40,000
Total Service Costs	\$2,922,904.79	\$4,572,606	\$3,132,432	\$2,627,341

Agency Description

The Office of the Governor was created upon acceptance of Montana into the United States in 1889 and exists under

authority contained in Article VI of the Montana Constitution. The office oversees and directs the activities of the executive branch agencies.

EXECUTIVE OFFICE PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	22.70	22.00	19.00	18.00
Personal Services	662,627.74	730,426	651,892	612,744
Operating Expenses	502,646.01	454,939	351,854	330,966
Equipment	11,256.14	0	1,902	1,998
Total Program Costs	\$1,176,529.89	\$1,185,365	\$1,005,648	\$945,708
General Fund	979,193.44	943,436	896,343	875,708
State Special Revenue Fund	116,809.47	90,000	39,305	0
Federal & Other Spec Rev Fund	80,526.98	151,929	70,000	70,000
Total Funding Costs	\$1,176,529.89	\$1,185,365	\$1,005,648	\$945,708
Current Level Services	980,381.72	1,155,055	1,005,648	945,708
Modified Level Services	196,148.17	30,310	0	0
Total Service Costs	\$1,176,529.89	\$1,185,365	\$1,005,648	\$945,708

Program Description

The Executive Office program provides support to the Governor in overseeing and coordinating the activities of the executive branch of Montana State government. The program provides administrative, legal, press, and centralized services support for the offices of the Governor, as well as executive administration of programs of special impact on the citizens and governmental concerns of Montana. Special programs directed through staff efforts in this program include coordination of services for senior citizens and preserving clean water in the Flathead Basin.

Budget Issues

The Clark Fork River Project will be in a transitional status during FY90 and phased out in FY91. This will mean a

reduction of two FTE in FY90 and the coordinator's FTE in FY91. One position was transferred to the Office of Budget and Program Planning during FY88 and shows as a 0.30 FTE reduction in FY88 and a 1.0 FTE reduction for FY90 and FY91, and two 0.50 FTE were eliminated as they had been vacant most of FY88. This will result in a total reduction of four FTE in FY90 and five FTE in FY91 from the 23.0 FTE level authorized for FY88 and FY89.

Actual FY88 includes \$208,637 of expenditures which are not being considered in the FY90 and FY91 budget requests. They are: 1) \$178,878 of Supercollider expenses - \$134,159 of general fund and \$44,719 of privately donated matching funds. The expenditures consisted of \$958 in per-

GOVERNORS OFFICE

sonal service costs and \$177,920 in operating costs. 2) \$17,270 of operating expenses supported with National Park Service funds - International Joint Commission's Cabin Creek Reference. 3) \$12,489 of Flathead Basin Commission operating expenses supported with funds from the Fresh Water Foundation.

The recommended budget includes a biennial appropriation for a \$10,000 contingency fund to allow the executive office to respond to unforeseen emergencies; biennial audit costs of \$12,867; \$6,027 for the Commission of Uniform State Laws in each year of the biennium; \$997 in FY90 and \$1,093 in FY91 for the replacement of office furnishing; and \$905 in each year for single user software.

The Flathead Basin Commission, under the statutory appropriation provisions of the authorizing legislation (75-7-305, MCA) has entered into a memorandum of understanding to create and participate in the Flathead Basin Forest Practices/Water Quality and Fisheries Cooperative Program. The funding - \$70,000 each year of the biennium - will come from private sector sources and be deposited in the commission's special revenue account. The funds are budgeted as contracted services.

A 2% vacancy savings rate is recommended for this program budget, but is not being applied to the elected official position of the governor.

MANSION MAINTENANCE PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	1.90	1.90	1.70	1.70
Personal Services	35,924.14	37,087	35,939	35,966
Operating Expenses	21,442.31	24,515	24,088	24,747
Total Program Costs	\$57,366.45	\$61,602	\$60,027	\$60,713
General Fund	57,366.45	61,602	60,027	60,713
Total Funding Costs	\$57,366.45	\$61,602	\$60,027	\$60,713
Current Level Services	57,366.45	61,602	60,027	60,713
Total Service Costs	\$57,366.45	\$61,602	\$60,027	\$60,713

Program Description

The staff of the Mansion Maintenance Program maintains the Governor's official residence.

Budget Issues

The proposed budget allows the program to maintain its current level of operation. Utility costs reflect anticipated rate increases.

A 0.25 FTE custodial worker position was eliminated and a 0.15 FTE food service worker position was augmented to a 0.20 FTE, for a net reduction of a 0.20 FTE.

A vacancy savings rate of 2% is recommended for this program.

AIR TRANSPORTATION PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	33,624.04	32,536	34,538	34,755
Operating Expenses	57,083.17	66,688	165,601	60,250
Total Program Costs	\$90,707.21	\$99,224	\$200,139	\$95,005
General Fund	90,707.21	99,224	200,139	95,005
Total Funding Costs	\$90,707.21	\$99,224	\$200,139	\$95,005
Current Level Services	90,707.21	99,224	93,869	95,005
Modified Level Services	0.00	0	106,270	0
Total Service Costs	\$90,707.21	\$99,224	\$200,139	\$95,005

Program Description

The Air Transportation Program provides transportation for the Governor.

Budget Issues

The proposed budget allows the program to maintain its current level of operation.

A vacancy savings factor of 0.03% is recommended for this program, the actual rate experienced in FY88.

Modification Request

New Airplane Engines-Based on the manufacturer's recommended maintenance standards, the engines on the Governor's aircraft must be replaced after 1600 hours of use; it is projected that this will occur in September 1989.

The estimate assumes that the current engines will be acceptable for trade-in. The state may be assessed a "core charge" which is a deposit that will be refunded, totally or in part, depending upon the condition of the trade-in. The core charge will be approximately \$12,500 per engine, or \$25,000. The agency requests that the core charge be made a separate, contingent appropriation which will not be used if the current engines meet required specifications. \$106,270 of general fund is requested for FY90.

OFFICE OF BUDGET & PGM PLANNING Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	16.80	18.00	17.50	18.00
Personal Services	511,239.04	573,438	593,669	609,651
Operating Expenses	107,089.47	169,129	118,178	149,169
Equipment	35,534.68	1,875	1,700	1,700
Total Program Costs	\$653,863.19	\$744,442	\$713,547	\$760,520
General Fund	653,863.19	744,442	713,547	760,520
Total Funding Costs	\$653,863.19	\$744,442	\$713,547	\$760,520
Current Level Services	653,863.19	744,442	713,547	760,520
Total Service Costs	\$653,863.19	\$744,442	\$713,547	\$760,520

Program Description

The staff of the Office of Budget and Program Planning (OBPP) assist the Governor in the planning, preparation, and administration of the state budget, the development and evaluation of alternative program plans for the provision of state government services, and the examination and improvement of methods of providing services to state citizens. OBPP reviews the total organizational structure of the executive branch, makes recommendations on the transfer of functions between departments or the elimination of unnecessary functions, and formulates and monitors policies in areas of management concerns. Additional functions include: preparation and monitoring of revenue estimates; approving all FTE position additions, deletions and transfers by state agencies; verifying and documenting the accuracy of position actions; and maintaining reconciliation reporting of FTE's per legislative intent. The accuracy of the automated Payroll/Personnel/Position Control (P/P/P) system maintained by the Fiscal Control and Management Division is also monitored.

Budget Issues

A position was transferred to this program from the Executive Office Program 01 in FY88 and shows as a 0.30 FTE

increase in FY88 and a 1.00 FTE increase for FY90 and FY91. The position is needed to satisfy the Federal Single Audit Act coordinating function. The act requires the state to establish a single contact to coordinate with the U.S. Department of Health and Human Services in the submission of the state's response to the single audit and the resolution of any issues brought out in the audit.

Operating expenses in the recommended FY90 budget increase by \$11,000 over FY88 actual expenditures, due to biennial audit costs of \$17,987, a \$2,500 increase in computer processing fees, and a \$5,730 increase in computer maintenance. FY91 being a legislative session year, shows an increase in the FTE level of 0.50 over FY90. This allows the agency to make a 0.50 clerical support position into a full time position during the executive budget development process and during the legislative session. The agency's FY91 request includes an increase of \$21,775 in computer processing fees in order to operate the automated executive budgeting system. \$1,700 for single user software updates are requested for each year of the biennium.

A 2% vacancy savings factor is recommended for this program.

NORTHWEST REGIONAL POWER ACT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	5.08	5.16	5.00	5.00
Personal Services	225,857.13	201,594	207,502	207,933
Operating Expenses	77,688.13	114,561	106,480	106,954
Equipment	22.00	1,000	1,000	1,000
Total Program Costs	\$303,567.26	\$317,155	\$314,982	\$315,887
Federal & Other Spec Rev Fund	303,567.26	317,155	314,982	315,887
Total Funding Costs	\$303,567.26	\$317,155	\$314,982	\$315,887
Current Level Services	303,567.26	317,155	314,982	315,887
Total Service Costs	\$303,567.26	\$317,155	\$314,982	\$315,887

Program Description

The Pacific Northwest Electric Power and Conservation Planning Council was created in accordance with Public Law 96-501, passed by the U.S. Congress on December 5, 1980. The Power Planning Council is made up of two members from each of the states of Montana, Washington, Idaho, and Oregon. It is charged with the development of a twenty-year electric energy plan that will provide an efficient and adequate electric power supply for the region at the lowest possible cost. The Council is also required to develop a program to restore fish and wildlife that have been damaged by hydroelectric development in the Columbia River Basin. House Bill 641 of the 47th Montana State Legislature in 1981 enabled Montana to participate in the Regional Power Planning Council by providing for the appointment by the Governor of two Montana members.

Budget Issues

A 1.09% vacancy savings factor was applied to all positions in the Northwest Regional Power Act program. The rate is the actual vacancy savings experienced by the program in FY88.

The 0.08 FTE showing in FY88 actual, is for a temporary FTE for the month of June 1988. The action was approved through an operational plan change, and was not considered when preparing the 1991 biennium budget.

\$27,800 for consulting and professional services has been included in each year of the budget request. The agency is requesting authority to expend funds for professional research and consulting necessary to fulfill congressionally mandated goals and objectives in the areas of energy, and fish and wildlife.

This program is 100% federally funded through a negotiated contract with the Bonneville Power Administration.

LT. GOVERNOR
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	159,860.08	163,716	161,387	161,420
Operating Expenses	30,499.36	37,528	31,906	32,594
Equipment	1,306.81	0	1,775	680
Total Program Costs	\$191,666.25	\$201,244	\$195,068	\$194,694
General Fund	191,666.25	201,244	195,068	194,694
Total Funding Costs	\$191,666.25	\$201,244	\$195,068	\$194,694
Current Level Services	191,666.25	201,244	195,068	194,694
Total Service Costs	\$191,666.25	\$201,244	\$195,068	\$194,694

Program Description

As provided in Article VI, Section 4, of the Montana Constitution, the Lieutenant Governor shall perform the duties provided by law and those delegated to him by the Governor. The Office of the Lieutenant Governor serves as the liaison between state and local governments (56 counties and 127 municipalities) and supervises the Intergovern-

mental Review Clearinghouse. Current priorities include: planning for the Statehood Centennial commemoration and promoting it educational, cultural, recreational and promotional programs (Sections 2-89-101, MCA); also, tasks assigned by the Governor which include serving as chairman of the state's Disaster Advisory Council and the Montana/Western Canadian Boundary Advisory Committee.

Budget Issues

The proposed budget allows the Lieutenant Governor program to maintain its current level of operation. The budget includes a request of \$1,625 in FY90 and \$530 in FY91 to

replace office equipment - two chairs, a dictation/transcriber and a typewriter.

A vacancy savings factor of 2% is recommended for this program, but is not being applied to the elected official position of the Lieutenant Governor.

CITIZENS ADVOCATE OFFICE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	32,932.91	31,518	34,587	34,580
Operating Expenses	17,984.21	16,052	17,869	17,869
Total Program Costs	\$50,917.12	\$47,570	\$52,456	\$52,449
General Fund	50,917.12	47,570	52,456	52,449
Total Funding Costs	\$50,917.12	\$47,570	\$52,456	\$52,449
Current Level Services	50,917.12	47,570	52,456	52,449
Total Service Costs	\$50,917.12	\$47,570	\$52,456	\$52,449

Program Description

The Citizen's Advocate Office gives Montana's citizens ready access to their state government. The public contacts the Citizens' Advocate Office by toll-free telephone to obtain information, make suggestions, air complaints, and ask for assistance with problems regarding state government.

Budget Issues

The proposed budget of the Citizens Advocate Office allows this program to maintain its current level of operation.

A 0.12% vacancy savings factor is being recommended for this program. The rate is the actual vacancy savings experienced by the agency during FY88.

MENTAL DIS BD VISITORS
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	4.06	4.20	4.20	4.20
Personal Services	119,382.03	121,468	125,528	125,864
Operating Expenses	51,913.26	55,891	46,680	46,935
Equipment	4,056.57	425	450	450
Total Program Costs	\$175,351.86	\$177,784	\$172,658	\$173,249
General Fund	129,252.90	129,284	132,658	133,249
Federal & Other Spec Rev Fund	46,098.96	48,500	40,000	40,000
Total Funding Costs	\$175,351.86	\$177,784	\$172,658	\$173,249
Current Level Services	175,351.86	129,284	132,658	133,249
Modified Level Services	0.00	48,500	40,000	40,000
Total Service Costs	\$175,351.86	\$177,784	\$172,658	\$173,249

Program Description

The Mental Disabilities Board of Visitors, established by Section 2-15-211, MCA, protects the right of the mentally ill and the developmentally disabled by reviewing the care and treatment provided by those community mental health centers and state institutions which serve this population. The Board also provides legal services for the residents at those institutions. The Board performs its duties pursuant to Title 53, Chapters 20 and 21, Part I, MCA.

Budget Issues

The proposed budget allows the agency to maintain its current level of operation.

A 0.09% vacancy savings rate was experienced by the agency in FY88 and is being applied to personal service costs in FY90 and FY91.

Modification Request

Protection and Advocacy-The funds for the modification request come from Public Law 99-319, "Protection and

Advocacy for Mentally Ill Persons Act". The act appropriates funds to designated eligible systems in each state. In Montana, the eligible system is the Montana Advocacy Program, Inc. The Montana Advocacy Program contracts with the Board of Visitors. The \$40,000 grant for each year of the biennium will support 1.2 FTE (an attorney and a part time secretary) and operating expenses.

Public Law 99-319 states that the funds are to be used to supplement and not supplant the level of non-federal funds used to protect and advocate the rights of mentally ill individuals.

The modification will continue the program begun by budget amendment in FY88.

STATEHOOD CENTENNIAL OFFICE Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	4.00	4.00	4.00	1.00
Personal Services	95,229.52	98,008	120,187	24,026
Operating Expenses	121,041.10	340,212	97,720	5,090
Equipment	6,664.94	0	0	0
Grants	0.00	1,300,000	200,000	0
Total Program Costs	\$222,935.56	\$1,738,220	\$417,907	\$29,116
State Special Revenue Fund	222,935.56	1,738,220	417,907	29,116
Total Funding Costs	\$222,935.56	\$1,738,220	\$417,907	\$29,116
Current Level Services	222,935.56	1,738,220	417,907	29,116
Total Service Costs	\$222,935.56	\$1,738,220	\$417,907	\$29,116

Program Description

The 1985 Legislative Session created the Montana Statehood Centennial Office and a Montana Statehood Centennial Commission. The purpose of the commission and the office is to encourage the commemoration and celebration of Montana's 100th anniversary of statehood on November 8, 1989.

It is anticipated that the program will be fully active through FY90 and that there will be only 1.0 FTE in FY91 to close out the program.

The proposed budget of the Centennial Office will allow for the maintaining of current level operations through FY90 and the close out in FY91. A 2% vacancy savings factor is recommended for both years of the biennium.

Budget Issues

The Montana Statehood Centennial is authorized by law (Section 8, Chapter 664, Laws of 1985) until June 30, 1991.

It is recommended that any cash balance remaining in the program after FY91 revert to the general fund.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	27.50	27.50	27.50	27.50
Personal Services	587,375.28	589,901	599,856	600,228
Operating Expenses	516,291.47	440,461	399,408	401,239
Equipment	5,257.00	0	16,133	0
Debt Service	4,392.80	0	40,634	36,242
Total Agency Costs	\$1,113,316.55	\$1,030,362	\$1,056,031	\$1,037,709
General Fund	545,399.49	495,523	503,397	491,529
State Special Revenue Fund	567,917.06	534,839	552,634	546,180
Total Funding Costs	\$1,113,316.55	\$1,030,362	\$1,056,031	\$1,037,709
Current Level Services	1,113,316.55	1,030,362	1,056,031	1,037,709
Total Service Costs	\$1,113,316.55	\$1,030,362	\$1,056,031	\$1,037,709

Agency Description

The office of the Secretary of State, established by Article VI, Section 1 of the Montana Constitution, reviews, maintains and distributes public interest records of business and non-profit organizations; and files and maintains records of

secured financial transactions. As the chief election officer of the state, the Secretary of State is responsible for the application, operation and interpretation of election laws except those pertaining to campaign finance. In addition, maintains the official records of the executive branch and the acts of the legislature.

RECORDS MANAGEMENT PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	24.00	24.00	24.00	24.00
Personal Services	503,807.11	505,128	515,011	515,385
Operating Expenses	409,335.09	369,531	321,231	328,118
Equipment	5,530.11	0	15,390	0
Debt Service	3,733.89	0	38,657	34,924
Total Program Costs	\$922,406.20	\$874,659	\$890,289	\$878,427
General Fund	545,399.49	495,523	503,397	491,529
State Special Revenue Fund	377,006.71	379,136	386,892	386,898
Total Funding Costs	\$922,406.20	\$874,659	\$890,289	\$878,427
Current Level Services	922,406.20	874,659	890,289	878,427
Total Service Costs	\$922,406.20	\$874,659	\$890,289	\$878,427

Program Description

The Records Management Program staff is responsible for filing, maintaining, and preserving records of the state and certain public interest records of the private sector — such as corporate charter documents, trade names, assumed business names, trademarks, notary bonds, and security instruments under the Uniform Commercial Code and the Food Security Act of 1985.

Budget Issues

The Secretary of State's Office had to decide in FY88 to either replace the Uniform Commercial Code (UCC) automated system or have the alpha search (document retrieval) program rewritten at a substantial cost by December 1988.

The agency was informed by the Information Services Division that the document retrieval program would cause severe problems for the UCC automated system and for the state's mainframe. The alpha search program is approximately 15 to 20 years old, and the UCC system was obtained from the state of Colorado approximately ten years ago. The agency decided to replace the UCC system and a WANG system was leased in FY89. The lease was obtained through a request for proposal (RFP) process for five years at a cost of \$35,103 per year. The agency anticipates that a decrease in Department of Administration computer processing charges of approximately \$115,000 and \$23,000 of networking charges annually would more than offset the yearly lease cost, maintenance, additional data processing supplies, and other support costs of the new UCC system.

The decrease in computer processing and network charges also allowed the agency to purchase a Novell local area network computer system on a five year loan. This system is used for the Corporation Bureau's word processing, the Election Bureau's election data, and for internal accounting activities. \$38,657 is budgeted in debt service for FY90 and \$34,924 in FY91.

The agency's request includes \$15,390 in equipment for FY90. They are requesting \$1,390 for upgrades for their

computer systems and \$14,000 for the replacement of office equipment and the purchase of a fax machine.

The program is supported with agricultural lien filing fees, a state special revenue account, and general fund.

A 2% vacancy savings rate is recommended for this program budget, but is not being applied to the 0.75 elected official position of the Secretary of State. The 0.25 balance of the Secretary's position is funded by program 03, Administrative Code Program.

ADMINISTRATIVE CODE PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	3.50	3.50	3.50	3.50
Personal Services	83,568.17	84,773	84,845	84,843
Operating Expenses	106,956.38	70,930	78,177	73,121
Equipment	273.11-	0	743	0
Debt Service	658.91	0	1,977	1,318
Total Program Costs	\$190,910.35	\$155,703	\$165,742	\$159,282
State Special Revenue Fund	190,910.35	155,703	165,742	159,282
Total Funding Costs	\$190,910.35	\$155,703	\$165,742	\$159,282
Current Level Services	190,910.35	155,703	165,742	159,282
Total Service Costs	\$190,910.35	\$155,703	\$165,742	\$159,282

Program Description

The Administrative Code Program staff executes the duties required of the Office of the Secretary of State under the Montana Administrative Procedures Act. These duties include filing, indexing, organizing for publication, and distributing the administrative rules adopted by state agencies in the Administrative Rules of Montana (ARM) and the Montana Administrative Register (MAR).

Budget Issues

A 2% vacancy savings rate is recommended for this program, but is not being applied to the 0.25 elected official

position of the Secretary of State. The other 0.75 of the Secretary's position is funded in program 01.

FY88 actual expenditures include \$37,900 for printing and binding costs of 100 new sets of the ARM manual as was approved in the 1987 Legislative Session.

The proposed budget will allow this program to maintain its current level of operation. Included in the budget is a proportionate share of the Novell computer system debt service of \$1,977 in FY90 and \$1,318 in FY91. Related maintenance costs are also included in the budget, \$540 in FY90 and \$594 in FY91.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	60,874.00	73,970	77,824	78,000
Operating Expenses	21,858.94	32,955	25,629	26,333
Equipment	2,104.05	0	0	0
Total Agency Costs	\$84,836.99	\$106,925	\$103,453	\$104,333
General Fund	83,771.29	102,125	103,193	99,163
State Special Revenue Fund	1,065.70	4,800	260	5,170
Total Funding Costs	\$84,836.99	\$106,925	\$103,453	\$104,333
Current Level Services	84,836.99	106,925	103,453	104,333
Total Service Costs	\$84,836.99	\$106,925	\$103,453	\$104,333

Agency Description

The Office of the Commissioner of Political Practices was created by the 44th Legislature in 1975 for the purpose of monitoring disclosures of financial contributions to and expenditures made by Montana political committees and candidates and for the purpose of overseeing and enforcing the campaign practices in Title 13, chapters 35, 36 and 37, MCA. The office exists under the authority in Title 13, chapter 37, MCA. The responsibilities of the office were expanded in 1980 by Initiative 85 to include the registration of lobbyists, the filing of their principals' financial reports, and the disclosure of elected officials' business and ownership interests. The Office of the Commissioner of Political Practices is attached to the Office of the Secretary of State for administrative purposes only.

Budget Issues

The proposed budget allows this program to maintain its current level of operations and includes a vacancy savings rate of 2.0%.

Personal services were under expended in FY88 by 18% because temporary help was hired as needed instead of filling the position on a full time basis. Due to an increased workload, the Commissioner is filling the third FTE position with a full time person.

Funding for the state special revenue account is from the sale of the post-election books and fees collected for copying documents and campaign reports.

STATE AUDITORS OFFICE

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	62.50	62.50	57.50	57.50
Personal Services	1,385,225.08	1,472,963	1,364,880	1,366,331
Operating Expenses	846,980.51	1,057,441	978,460	850,527
Equipment	18,325.21	288	4,592	0
Local Assistance	6,570,789.62	13,250,000	12,700,000	12,700,000
Total Agency Costs	\$8,821,320.42	\$15,780,692	\$15,047,932	\$14,916,858
General Fund	809,795.12	979,032	949,209	844,634
State Special Revenue Fund	1,458,924.36	8,051,660	8,048,723	8,022,224
Federal & Other Spec Rev Fund	6,552,600.94	6,750,000	6,050,000	6,050,000
Total Funding Costs	\$8,821,320.42	\$15,780,692	\$15,047,932	\$14,916,858
Current Level Services	8,785,414.76	15,780,692	15,047,932	14,916,858
Modified Level Services	35,905.66	0	0	0
Total Service Costs	\$8,821,320.42	\$15,780,692	\$15,047,932	\$14,916,858

Agency Description

The Office of the State Auditor, established by Article VI, Section 1 of the Montana Constitution, has statutory duties to superintend the fiscal concerns of the state, suggest plans for improvement and management of public revenues, keep an accounting system of all state funds, and pay into the state treasury all funds and fees received.

The auditor has been responsible for examining the legality of all obligations or claims incurred by state government and issuing warrants for their payment.

The State Auditor, as ex-officio Commissioner of Insurance, is empowered with duties to license and regulate insurance companies and agents in Montana.

As ex-officio Securities Commissioner, the auditor and staff regulate and register issuers, broker-dealers, and investment advisors and license the sellers of securities.

The State Auditor is director of the state central payroll system. This division is responsible for paying all state employees. Effective July 1, 1983, the daily maintenance responsibility for the Payroll/Position Control/ and Personnel (P/P/P) System was transferred to this office from the Personnel Division, Department of Administration and the Office of Budget and Program Planning.

The office is also responsible for distributing police and firemen's retirement funds to local governments.

CENTRAL MANAGEMENT Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	195,872.05	197,547	200,206	200,271
Operating Expenses	33,075.10	43,324	20,168	16,683
Equipment	495.04	0	459	0
Total Program Costs	\$229,442.19	\$240,871	\$220,833	\$216,954
General Fund	229,442.19	240,871	220,833	216,954
Total Funding Costs	\$229,442.19	\$240,871	\$220,833	\$216,954
Current Level Services	229,442.19	240,871	220,833	216,954
Total Service Costs	\$229,442.19	\$240,871	\$220,833	\$216,954

Program Description

The Central Administration Division staff provide the administrative, budgeting, and accounting functions for the State Auditor's Office. It also provides for the deposit and issue of receipts for all fees collected by the insurance and securities divisions.

Budget Issues

A 2% vacancy savings rate is recommended for this program, but is not being applied to the elected official position of the State Auditor.

Postage and mailing was cut from \$13,800 of actual expenditures in FY88 to \$508 for each year of the bien-

nium. Postage and mailing costs for state warrants were being expended out of this program. A piece count study of outgoing mail was conducted by the agency during FY88 so more accurate cost figures could be included in the agency's budget requests for the 1991 biennium.

The proposed budget will allow the program to maintain its current level of operations. \$459 for replacement of office equipment in FY90 is being recommended.

Modification Request

The agency submitted four modification requests for this program which amounted to \$69,156 of general fund in FY90 and \$56,528 in FY91, and two additional FTE for each year. None are being recommended for funding.

AUDIT DIVISION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	19.50	19.50	16.50	16.50
Personal Services	415,423.11	412,141	370,732	371,170
Operating Expenses	592,431.71	764,610	742,433	649,665
Equipment	5,234.08	0	654	0
Total Program Costs	\$1,013,088.90	\$1,176,751	\$1,113,819	\$1,020,835
General Fund	580,352.93	738,161	728,376	627,680
State Special Revenue Fund	432,735.97	438,590	385,443	393,155
Total Funding Costs	\$1,013,088.90	\$1,176,751	\$1,113,819	\$1,020,835
Current Level Services	984,121.89	1,176,751	1,113,819	1,020,835
Modified Level Services	28,967.01	0	0	0
Total Service Costs	\$1,013,088.90	\$1,176,751	\$1,113,819	\$1,020,835

Program Description

Fiscal Control and Management Division staff provide direct mailing of State of Montana warrants, replacement of lost or damaged warrants, final storage of cashed warrants.

State Payroll operates a central payroll system for state employees. All payroll warrants for state employees are prepared and issued by this program.

Budget Issues

The program is supported with general fund and state special revenue. The state special revenue funds are obtained through a payroll service fee assessed against non-general fund supported operations.

During the 1987 Legislative Session a biennial appropriation of \$199,250 was approved for the design, development, and implementation of a new warrant writing system. Actual expenditures in FY88 were \$28,967 - \$26,943 in operating expenses and \$2,024 in equipment.

The implementation of the new warrant writing system will mean increased costs in the areas of computer processing, systems development, data processing supplies, and maintenance contracts.

This amounts to approximately \$110,000 for each year of the biennium. The deletion of three FTE is being recommended because of the implementation of this new system and its use of the warrant/envelop in one form. This will result in a personal services cost reduction of \$48,694 in FY90 and \$48,838 in FY91.

Postage and mailing costs increase in this budget from FY88 actual expenditures of \$76,596 to \$148,602 for each year of the biennium. A piece count was conducted by the agency during FY88 so more accurate cost figures could be included in budget requests for the 1991 biennium. Growth and the postage increase were taken into account when determining the FY90 and FY91 request.

A 2% vacancy savings rate is being recommended for this program.

Modification Request

Six modification requests were submitted by the State Auditor's Office for this program amounting to \$337,633 in FY90 and \$41,130 in FY91, and two additional FTE for each year. General fund was requested to support the budget modifications except for \$2,200 of state special revenue funds in FY90. None are being recommended for funding.

INSURANCE Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	26.00	26.00	24.00	24.00
Personal Services	547,800.02	633,807	569,835	570,454
Operating Expenses	171,877.69	197,626	169,143	140,544
Equipment	7,142.99	288	2,029	0
Total Program Costs	\$726,820.70	\$831,721	\$741,007	\$710,998
State Special Revenue Fund	726,820.70	831,721	741,007	710,998
Total Funding Costs	\$726,820.70	\$831,721	\$741,007	\$710,998
Current Level Services	719,882.05	831,721	741,007	710,998
Modified Level Services	6,938.65	0	0	0
Total Service Costs	\$726,820.70	\$831,721	\$741,007	\$710,998

Program Description

The staff of the Insurance Regulation and Licensing program protect the insurance-buying public by:

requiring that each insurer transacting business in Montana be authorized by a subsisting certificate of authority;

examining the affairs, transactions, accounts, and assets of each authorized insurer to determine whether it is financially solvent;

regulating insurers' and agents' trade practices and prohibiting unfair competition and unfair or deceptive practices;

requiring all agents and solicitors to pass a written examination and be licensed before doing business in the state;

regulating insurance rates to insure that they are not excessive, inadequate, or unfairly discriminatory;

examining and approving before use all forms used by insurers;

collecting all insurance and license fees established by state law; and

allocating money collected from the insurance premium tax to the appropriate funds, as provided by law.

Budget Issues

HB880 from the 1987 Legislative Session appropriated \$18,208 in FY88 and \$17,108 in FY89 of Insurance Regulatory Account funds for a 1.0 FTE administrative assistant to implement the provisions of the act. The intent of the bill is to change premium tax payments by insurers from annually to quarterly. The FTE is being considered necessary for the implementation of HB880 or a one time expense of the 1989 biennium, and was not taken into consideration when budgeting for the 1991 biennium.

An actuary position was approved for the 1989 biennium along with two additional FTE to provide insurance regulatory activities. Funding was provided through HB372 which increased certain regulated insurance company license fees. The actuary position has not been filled and it is recommended that the position be deleted and replaced with a \$20,000 biennial, line-item appropriation for actuarial services.

Postage and mailing costs have decreased from FY88 actual of \$49,709 to \$15,741 for each year of the biennium. Postage and mailing costs for state warrants were being expended out of this program. An actual piece count study was conducted in FY88 so more accurate cost figures could be included in the 1991 biennium budget requests.

The equipment request of \$2,029 in FY90 is for the replacement of office equipment.

Biennial audit costs of \$9,298 are included in FY90.

A 2% vacancy savings rate is recommended for this program.

Funding for this program is Insurance Regulatory Trust Account state special. Any balance in the account at fiscal year end reverts to the general fund as provided by 17-2-121, MCA. Therefore, any increase to this budget has a dollar for dollar impact on general fund revenue.

Modification Request

The agency submitted four modification requests for this program. The requests amounted to \$378,373 in FY90 and \$290,195 in FY91 of Insurance Regulatory Account funds and included ten additional FTE. None were recommended for funding.

SECURITIES Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	9.00	9.00	9.00	9.00
Personal Services	226,129.90	229,468	224,107	224,436
Operating Expenses	49,596.01	51,881	46,716	43,635
Equipment	5,453.10	0	1,450	0
Total Program Costs	\$281,179.01	\$281,349	\$272,273	\$268,071
State Special Revenue Fund	281,179.01	281,349	272,273	268,071
Total Funding Costs	\$281,179.01	\$281,349	\$272,273	\$268,071
Current Level Services	281,179.01	281,349	272,273	268,071
Total Service Costs	\$281,179.01	\$281,349	\$272,273	\$268,071

Program Description

The staff of the Securities Division are responsible for the administration of the Securities Act of Montana, which protects investors against nefarious and unsubstantial securities schemes.

Budget Issues

This program is supported by the Securities Regulatory Account state special. Any balance in the account at fiscal year end reverts to the general fund as provided for in section 30-15-115, MCA. Therefore, any increase in this budget has a dollar for dollar impact on general fund revenue.

The budget request includes biennial audit fees of \$3,166 in FY90, a reduction of \$8,008 each year in postage and mail-

ing costs due to the piece count study done in FY88, and \$1,450 in FY90 for the replacement of office equipment. Postage and mailing costs for state warrants were being expended out of this program. The piece count study allows for an accurate cost figure to be included in this budget.

A 2% vacancy savings rate is being recommended for this program.

Modification Request

The agency submitted five modification requests amounting to \$86,798 in FY90 and \$26,498 in FY91 to be funded with Securities Regulatory Account funds. None were recommended for funding.

LOCAL ASSISTANCE DISTRIBUTIONS Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	0.00	5,500,000	5,650,000	5,650,000
Total Program Costs	\$0.00	\$5,500,000	\$5,650,000	\$5,650,000
State Special Revenue Fund	0.00	5,500,000	5,650,000	5,650,000
Total Funding Costs	\$0.00	\$5,500,000	\$5,650,000	\$5,650,000
Current Level Services	0.00	5,500,000	5,650,000	5,650,000
Total Service Costs	\$0.00	\$5,500,000	\$5,650,000	\$5,650,000

Program Description

Pursuant to Sections 19-10-305, 19-9-702, 19-11-512, 19-12-301, and 19-13-604, MCA, payments are made to the Public Employees Retirement Division (PERD) and to fire and police departments of qualifying Montana cities and towns. Funds to make payments are received from the premium tax collected on insurance against risks enumerated in 19-11-512, MCA.

Budget Issues

On August 18, 1988 \$5,618,599.98 was disbursed from this program in accordance with 19-9-702, MCA. The code states: "The state of Montana shall make its contributions through the state auditor out of the premium tax on motor vehicle property and casualty insurance policies, which premium tax is statutorily appropriated, as provided in 17-7-502 for the contributions. Such payments shall be made annually after the end of each fiscal year but no later than September 1 from the gross premium tax after deduction for cancellations and returned premiums."

FOREST RES & FPGA TO COUNTIES
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	<u>6,552,600.94</u>	<u>6,750,000</u>	<u>6,050,000</u>	<u>6,050,000</u>
Total Program Costs	\$6,552,600.94	\$6,750,000	\$6,050,000	\$6,050,000
Federal & Other Spec Rev Fund	<u>6,552,600.94</u>	<u>6,750,000</u>	<u>6,050,000</u>	<u>6,050,000</u>
Total Funding Costs	\$6,552,600.94	\$6,750,000	\$6,050,000	\$6,050,000
Current Level Services	<u>6,552,600.94</u>	<u>6,750,000</u>	<u>6,050,000</u>	<u>6,050,000</u>
Total Service Costs	\$6,552,600.94	\$6,750,000	\$6,050,000	\$6,050,000

Program Description

Moneys received from National Forests under the provisions of the Act of May 23, 1908, as amended (16 USC 500) are distributed according to a statement furnished by the United States Departments of Agriculture, Forest Service, showing county distribution.

Budget Issues

These funds are appropriated by 17-3-211, MCA and are to be distributed within thirty days after receiving full payment of the same.

PENSION ADJ RETIRED FIREMEN
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	<u>18,188.68</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Program Costs	\$18,188.68	\$1,000,000	\$1,000,000	\$1,000,000
State Special Revenue Fund	<u>18,188.68</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Funding Costs	\$18,188.68	\$1,000,000	\$1,000,000	\$1,000,000
Current Level Services	<u>18,188.68</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Service Costs	\$18,188.68	\$1,000,000	\$1,000,000	\$1,000,000

Program Description

The Pension Adjustment - Retired Firemen program is responsible for the distribution to cities and towns of certain supplemental firemen's retirement system funds under the provisions of section 19-11 606, MCA.

Budget Issues

The FY88 obligations of \$965,237.41 were disbursed in August 1988 (FY89) from this account to the appropriate cities and towns in accordance with 19-11-606, MCA.

The FY88 actual expenditure figure of \$18,188.68 is the balance to be distributed for FY87. \$953,864.27 was distributed at FYE87 for a total FY87 disbursement of \$972,052.95.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	121.90	122.90	118.40	118.40
Personal Services	3,290,082.31	3,469,191	3,423,221	3,429,054
Operating Expenses	2,100,163.67	1,643,976	1,918,937	1,871,977
Equipment	112,061.31	68,378	91,065	88,890
Local Assistance	217,226,476.77	214,710,368	239,081,152	237,669,149
Grants	4,073,995.26	4,084,137	3,892,293	3,964,293
Transfers	336,449.18	408,432	387,912	387,912
Total Agency Costs	\$227,139,228.50	\$224,384,482	\$248,794,580	\$247,411,275
General Fund	37,288,753.70	37,057,294	50,812,988	49,325,618
State Special Revenue Fund	183,828,530.07	180,717,976	191,419,465	191,468,474
Federal & Other Spec Rev Fund	6,021,944.73	6,609,212	6,562,127	6,617,183
Total Funding Costs	\$227,139,228.50	\$224,384,482	\$248,794,580	\$247,411,275
Current Level Services	226,916,035.17	221,294,482	248,475,966	247,042,658
Modified Level Services	223,193.33	3,090,000	318,614	368,617
Total Service Costs	\$227,139,228.50	\$224,384,482	\$248,794,580	\$247,411,275

Agency Description

The Superintendent of Public Instruction is an elected official Mandated by Section 1, Article VI, of the Montana Constitution. Section 20-3-106, MCA, states that the Superintendent "...has the general supervision of the public schools and districts of the state." Section 20-7-301, MCA, names the Superintendent as "the governing agent and executive officer" for vocational education in Montana.

The office provides services to Montana's school age children and to teachers in 556 school districts. The staff provides technical assistance in planning, implementing and evaluating educational programs in such areas as teacher preparation, teacher certification, school accreditation, school curriculum, school finance and school law. The staff administers a number of federally funded programs and provides a variety of information services.

CHIEF STATE SCHOOL OFFICER Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	99,916.73	121,762	114,639	114,701
Operating Expenses	55,192.91	43,368	58,808	42,310
Equipment	2,204.99	0	1,500	1,500
Total Program Costs	\$157,314.63	\$165,130	\$174,947	\$158,511
General Fund	130,847.31	152,062	144,947	145,011
Federal & Other Spec Rev Fund	26,467.32	13,068	30,000	13,500
Total Funding Costs	\$157,314.63	\$165,130	\$174,947	\$158,511
Current Level Services	157,314.63	165,130	174,947	158,511
Total Service Costs	\$157,314.63	\$165,130	\$174,947	\$158,511

Program Description

The Chief State School Officer Program provides leadership, direction and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing prescribed duties requiring the Superintendent's personal attention or representation. This program's educational services component provides informational, evaluative, planning, data processing and administrative support for basic and vocational programs available in Montana schools at the ele-

mentary, secondary and post-secondary levels. Staff members manage state and federal financial resources for schools; assist school staff directly through on site consultation, research, needs assessments, material development and in-service education; prepare recommendations for school accreditation; and operate a teacher certification program.

Budget Issues

The recommended budget for the Chief State School Officer Program increases over the FY88 base by \$17,632 in FY90

but by only \$1,196 in FY91. Personal services increase approximately \$15,000 each year of the FY90-91 biennium. The increase is attributable to a replacement of an FTE at a higher annual rate. Vacancy savings is not applied to the superintendent's position, but a 2% vacancy savings rate is applied to the other two positions in this program.

Operating expenses increase \$3,615 over the FY88 base in FY90, but decrease \$12,883 below the FY88 base in FY91. The FY90 difference is due to higher publishing costs for the school laws of Montana which are printed every two years. Since the school laws will be published in FY90, there

are no printing costs associated with the manuals in FY91, which accounts for the decrease in operating expenses for that year.

Equipment includes replacement of office furniture and updates of computer software.

Funding for this program is requested to be provided in the FY90-91 biennium by the following sources: 83% through the general fund and 17% through the sale of the school laws publication, as provided in 20-3-105, MCA in FY90, and 91% through the general fund and 9% through the state special revenue fund in FY91.

BASIC SKILLS Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	36.05	36.05	34.05	34.05
Personal Services	925,635.53	988,871	967,954	970,125
Operating Expenses	364,360.14	337,860	335,677	336,108
Equipment	26,736.89	35,000	39,447	39,520
Transfers	34,715.54	34,413	51,515	51,515
Total Program Costs	\$1,351,448.10	\$1,396,144	\$1,394,593	\$1,397,268
General Fund	924,169.56	855,549	851,275	853,800
State Special Revenue Fund	203,261.16	237,944	167,952	167,953
Federal & Other Spec Rev Fund	224,017.38	302,651	375,366	375,515
Total Funding Costs	\$1,351,448.10	\$1,396,144	\$1,394,593	\$1,397,268
Current Level Services	1,275,906.65	1,316,144	1,314,593	1,317,268
Modified Level Services	75,541.45	80,000	80,000	80,000
Total Service Costs	\$1,351,448.10	\$1,396,144	\$1,394,593	\$1,397,268

Program Description

The Basic Instructional Services Department is designed to offer assistance to elementary and secondary schools in the academic disciplines of Math, Science, Computer Education, Social Studies, Language Arts, Reading, Library Science, Art, Music, Indian Education, Second Languages, Driver Education and Safety, Veterans Education, and Health and Physical Education. This department also issues nearly 23,000 teacher certificates and provides administrative assistance to the Board of Public Education for review of teacher training programs for all public and private colleges in Montana. Over 800 public and private schools are accredited each year and a five year rotation of on-site visitations occur for each of these schools. This department also administers the federal EESA Title II math/science grant. The department provides the schools, other agencies, and private concerns with a state film library for more than 7,000 films, videotapes, and laser discs, as well as satellite reception.

Budget Issues

The recommended budget for the Basic Skills Program increases over the FY88 base by \$43,145 in FY90, and \$45,820 in FY91. Personal services increase by approximately \$42,300 in FY90 and \$44,500 in FY91 while 2.00 FTE are subtracted from the program. One of the FTE was totally removed from the agency budget due to its vacancy in FY88, while the other was transferred to the Administrative Services Program. The increase can be attributed to the fact that several positions were at least partially vacant in FY88. A 2% vacancy savings rate is applied to this budget.

Operating expenses decrease below the FY88 base by approximately \$28,000 each year of the FY90-91 biennium. The difference can be attributed to increased workshops for traffic safety and drivers' education, subtraction of pavement repair costs associated with the Lewistown training site for emergency vehicle drivers, decreased rental costs due to the audio-visual library relocating within the Office of Public Instruction (OPI) offices on 11th Avenue, and a budget modification described in the Modification Request section. Also, a budget amendment for \$75,600 for an EESA Title II grant in FY88 which was approved through the budget amendment process was subtracted from the FY88 base in arriving at the FY90-91 budget.

Equipment includes replacement of vehicles at the Lewistown training site, replacement of computer equipment, software, films, office furniture, and office equipment.

Transfers consist of indirect charges which are taken against federal or state special revenue funding sources and are transferred directly to the Administrative Services Program to offset general fund support. Transfers increase by \$16,800 in each year of the FY90-91 biennium due to increased funding in Basic Skills from the federal ECIA Chapter II Block Grant Program. Because of this increased federal funding, general fund support for this program decreases from FY88 by \$73,000 in FY90 and \$70,000 in FY91.

Funding for this program is requested to be provided in the FY90-91 biennium by the following sources: 61% from the general fund; 12% from the state special revenue fund through rental fees on use of audio-visual library materials

as provided in 20-7 201, MCA, and from fines from highway traffic violations as well as other vehicle fees as provided in 20-7-502 and 20-7-504, MCA; 23% from federal grants such as the ECIA Chapter II, Melon, Mobile Simulator, Veterans Education, Capacity Building, and Johnson-O'Malley programs; and 4% from driver education fees which provide training to emergency vehicle drivers.

Modification Request

EESA Title II - This request is for authority for the federal EESA Title II Math/Science grant. This grant provides funds for local teachers to obtain new techniques, materials, and instructional strategies to improve classroom instruction in math, science, foreign language, and computer learning. Cost of this modification would be \$80,000 each year of the FY90-91 biennium and will be funded through federal sources.

VOCATIONAL EDUCATION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	10.95	10.95	10.75	10.75
Personal Services	325,289.87	339,843	323,966	324,632
Operating Expenses	65,879.33	36,796	66,612	67,467
Equipment	6,589.84	8,000	2,866	2,866
Transfers	46,174.24	67,379	44,420	44,420
Total Program Costs	\$443,933.28	\$452,018	\$437,864	\$439,385
General Fund	170,262.60	177,974	169,381	170,891
Federal & Other Spec Rev Fund	273,670.68	274,044	268,483	268,494
Total Funding Costs	\$443,933.28	\$452,018	\$437,864	\$439,385
Current Level Services	443,933.28	452,018	437,864	439,385
Total Service Costs	\$443,933.28	\$452,018	\$437,864	\$439,385

Program Description

The Department of Vocational Education Services staff provide supervision, leadership and consultant services for local vocational education programs. The staff assist students, teachers, counselors, and administrators in secondary and postsecondary vocational-technical schools through evaluations, workshops, and technical assistance.

Budget Issues

The recommended budget for the Vocational Education Program decreases \$6,069 below the FY88 base in FY90, and \$4,548 below the FY88 base in FY91. Personal services decrease \$1,324 in FY90 and \$658 in FY91. A 0.20 FTE decrease occurs each year. This occurs because a 0.30 FTE was transferred in from the Administrative Services Program, and a 0.50 FTE was transferred to the Administrative Services Program, resulting in a 0.20 FTE decrease. A 2%

vacancy savings rate is applied to this budget. Operating expenses remain at current level except for an increase in inflation.

Equipment includes replacement of training films, computer equipment, software updates, and office furniture.

Transfers consist of indirect charges which are taken against federal or state special revenue funding sources and are transferred directly to the Administrative Services Program to offset general fund support. Transfers decrease by approximately \$1,754 each year of the FY90-91 biennium due to a slight decrease in federal vocational education funds.

Funding for this program is requested to be provided in the FY90-91 biennium by the following sources: 39% from the general fund and 61% from federal sources such as Carl Perkins Vocational Education, Job Training Partnership Act, and Adult Basic Education funds.

ADMINISTRATIVE SERVICES
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	42.80	42.80	40.50	40.50
Personal Services	1,131,426.01	1,202,316	1,147,701	1,148,942
Operating Expenses	555,050.82	437,258	566,505	533,422
Equipment	25,181.49	4,000	1,090	1,090
Transfers	82,247.23	102,131	59,164	59,164
Total Program Costs	\$1,793,905.55	\$1,745,705	\$1,774,460	\$1,742,618
General Fund	846,587.63	811,636	991,149	959,302
State Special Revenue Fund	349,561.69	416,149	389,727	389,735
Federal & Other Spec Rev Fund	597,756.23	517,920	393,584	393,581
Total Funding Costs	\$1,793,905.55	\$1,745,705	\$1,774,460	\$1,742,618
Current Level Services	1,793,905.55	1,745,705	1,774,460	1,742,618
Total Service Costs	\$1,793,905.55	\$1,745,705	\$1,774,460	\$1,742,618

Program Description

The Administrative Services Program staff administer the planning, development, implementation, and evaluation of the Office of Public Instruction programs. This area manages the entire data information system for the office.

The staff also administers and provides consulting service in the areas of equalization aid, transportation, federal impact funding, school food services, legal services, budgeting and accounting. They also allocate and distribute the state equalization aid money and pupil transportation reimbursement.

Budget Issues

The recommended budget for the Administrative Services Program decreases below the FY88 base by \$19,446 in FY90 and \$51,288 below the FY88 base in FY91. Personal services increase by \$16,275 in FY90 and \$17,516 in FY91. A 2.30 FTE decrease occurs each year of the biennium. 3.50 FTE were subtracted from the FY88 base due to their vacancy in FY88, while a 0.30 FTE was transferred to the Vocational Education Program, a 0.50 FTE was transferred in from the Vocational Education Program, and a 1.00 FTE was transferred in from the Basic Skills Program. The increase occurs due to several positions being at least partially vacant during FY88. A 2% vacancy savings rate is applied to this budget.

Operating expenses increase over the FY88 base by \$11,454 in FY90, but decrease below the base by \$21,629 in FY91. The differences are due to increased audit fees in FY90 only, increased insurance and bonds, elimination from the FY88 base of private legal counsel fees dealing with the

under-funded lawsuit, increased rental rates for the OPI offices, and increased costs for freight and storage of food commodities.

Equipment includes updates of software.

Transfers consist of indirect charges which are taken against federal or state special revenue funding sources and are transferred directly to the Administrative Services Program to offset general fund support. Transfers decrease due to a decline of federal funding for this program. Federal Education Consolidation and Improvement Act (ECIA) Chapter II funds can no longer be spent for data processing services in this program, as has been done in the past. An audit report prepared by the Legislative Auditor states that the federal funds could be permanently discontinued if they are not spent in areas more directly involved with instruction. OPI has stated that several years ago the legislature used these federal funds to supplant, not supplement, state support. In order to fully comply with the goals of the ECIA Chapter II funds, it is necessary to request increased general fund support for the Administrative Services Program, while transferring the federal funds used for data processing services into the Basic Skills Program.

Funding for this program is requested for the FY90-91 biennium by the following sources: 56% from the general fund; 22% from the state special revenue fund through: (1) Reimbursements on school foods commodities costs, as provided in 20-10-203, MCA; (2) Resource and assessment funds, as provided in 20-3-108, MCA; (3) Indirect cost reimbursements; and 22% from federal Chapter II funds and school food funds.

**SPECIAL SERVICES
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	29.10	30.10	30.10	30.10
Personal Services	807,814.17	816,399	868,961	870,654
Operating Expenses	676,586.29	788,694	891,335	892,670
Equipment	48,877.41	21,378	46,162	43,914
Transfers	173,312.17	204,509	232,813	232,813
Total Program Costs	\$1,706,590.04	\$1,830,980	\$2,039,271	\$2,040,051
General Fund	431,635.91	413,588	436,870	438,251
Federal & Other Spec Rev Fund	1,274,954.13	1,417,392	1,602,401	1,601,800
Total Funding Costs	\$1,706,590.04	\$1,830,980	\$2,039,271	\$2,040,051
Current Level Services	1,678,653.97	1,745,980	1,854,563	1,855,340
Modified Level Services	27,936.07	85,000	184,708	184,711
Total Service Costs	\$1,706,590.04	\$1,830,980	\$2,039,271	\$2,040,051

Program Description

The function of the Special Services Program is to administer all federal grants except Vocational Education, School Food Services, Veteran's Education, Adult Education and EESA Title II math/science. The largest programs are Education for the Handicapped and Chapter I. Chapter II of the Education Consolidation and Improvement Act of 1981, which provide financial assistance to states and local education agencies. Also included in this division are Gifted and Talented, National Origins, Sex Desegregation, Title IX Compliance, Bilingual Education and National Diffusion Network Desegregation and Audiological Services. The division staff provide assistance to local districts in these program areas.

The 49th Legislature transferred the Hearing Conservation Program from the School for Deaf and Blind to this program.

Budget Issues

The recommended budget for the Special Services Program increases over the FY88 base by approximately \$333,000 each year of the FY90-91 biennium. Personal services increase \$61,147 in FY90 and \$62,840 in FY91 with a net increase of 1.00 FTE, bringing the program total to 30.10 FTE. The difference can be attributed to the elimination of 1.50 FTE due to their vacancy in FY88, an increase of 2.50 FTE described in the Modification Request section, and the partial vacancy of some positions in FY88. A 2% vacancy savings rate is applied to this budget.

Operating expenses increase \$214,749 over the FY88 base in FY90 and \$216,084 over FY88 in FY91. The difference is due to an increased level of federal funding in this program, which allows more workshops to be presented. The increase in the number of workshops held translates into increased presentation costs such as honorariums and other contracted services, increased supplies and materials, increased travel, and increased rental costs for workshop meeting sites. Also, a budget amendment for \$32,000 for the Byrd Scholarship Program grant which was approved through the budget amendment process in FY88 was subtracted from the FY88 base to arrive at the FY90-91 budget.

Equipment includes replacement of audiological testing devices, replacement of films, computer equipment, and updates of computer software.

Transfers consist of indirect charges which are taken against federal or state special revenue funding sources and are transferred directly to the Administrative Services Program to offset general fund support. Transfers increase above the FY88 base by \$59,500 each year of the FY90-91 biennium due to the increased federal support described above in operating expenses.

Funding for this program is requested to be provided in the FY90-91 biennium by the following sources: 21% from the general fund and 79% from federal sources such as Chapter I, Chapter II, Drug Abuse, AIDS Education, Sex Desegregation, miscellaneous including Bilingual Education and National Diffusion, EHA-Part D and Handicapped Pre-school and School assistance programs.

Modification Request

Byrd Scholarship Program - This modification is for authority for the federal Byrd Scholarship Program. These funds are used to award \$1,500 scholarships to high school seniors based upon outstanding academic achievement, promise of continued academic achievement, and geographic consideration. Administrative costs included are the costs of search and selection of applicants and follow up activities to ensure that the students have enrolled in an institution of higher learning. Cost of this modification is \$36,000 each year of the FY90-91 biennium and will be funded through federal sources.

ECIA Chapter I - This modification would grant additional authority for the ECIA Chapter I grant. The amount of the current Chapter I grant has been increased by the federal government by almost \$100,000 each year and will require an additional 1.50 FTE. Cost of this modification is \$99,311 in FY90 and \$99,309 in FY91 and will be funded through federal sources.

McKinney Homeless Act - This modification would grant authority for the McKinney Homeless Act. The purpose of this act is twofold. First, it specifies that homeless individuals are eligible for adult education services under the Adult Education Act. Second, it implements a new program, State-wide Literacy Initiatives, which provides federal financial assistance to enable state education agencies to develop and implement a program of literacy and basic skills remediation for adult homeless individuals. Included is this request is a 1.00 FTE. Cost of this modification is \$49,397 in FY90 and \$49,402 in FY91 and will be funded through federal sources.

DISTRIBUTION TO PUBLIC SCHOOLS
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	383,094.18	0	0	0
Equipment	2,470.69	0	0	0
Local Assistance	217,226,476.77	214,710,368	239,081,152	237,669,149
Grants	4,073,995.26	4,084,137	3,892,293	3,964,293
Total Program Costs	\$221,686,036.90	\$218,794,505	\$242,973,445	\$241,633,442
General Fund	34,785,250.69	34,646,485	48,219,366	46,758,363
State Special Revenue Fund	183,275,707.22	180,063,883	190,861,786	190,910,786
Federal & Other Spec Rev Fund	3,625,078.99	4,084,137	3,892,293	3,964,293
Total Funding Costs	\$221,686,036.90	\$218,794,505	\$242,973,445	\$241,633,442
Current Level Services	221,566,321.09	215,869,505	242,919,539	241,529,536
Modified Level Services	119,715.81	2,925,000	53,906	103,906
Total Service Costs	\$221,686,036.90	\$218,794,505	\$242,973,445	\$241,633,442

Program Description

The Distribution to Public Schools Program is used by the Office of Public Instruction to distribute various funds to local education agencies. The "pass-through" funds contained in this budget include the state's share of public school support, special education, transportation, school lunch, adult basic education, gifted and talented, discretionary federal funds, and traffic safety funds.

Budget Issues

The Distribution to Public Schools Program provides OPI with a method to transfer funds to public schools throughout the state. The recommended budget for the program increases over the FY88 base by approximately \$21.3 million in FY90 and \$20 million in FY91. The difference can be attributed to: (1) The utilization of lottery funds which will assist counties in equalizing a portion of the retirement fund obligations, as provided in 20-9-531, MCA. This statute became effective on July 1, 1988 and is expected to provide \$7.5 million of revenue each year of the FY90-91 biennium; (2) An increase in general fund support of the foundation program distribution schedules in the amount of 2% each year of the FY90-91 biennium; (3) Also, with an expected decrease in state equalization and county equalization revenues in the FY90-91 biennium, increased general fund support of the foundation program will be necessary. As a result, the general fund increases by approximately \$13.4 million in FY90 above the FY88 base and approximately \$12 million above the base in FY91.

The budget components of the Distribution To Public Schools Program is summarized as follows:

- (1) Special Education - Federal and state laws direct school districts to provide a free and appropriate public education for all handicapped children. The general fund support of \$27,361,646 each year of the FY90-91 biennium provides the funds needed to maintain the FY88 level of effort.
- (2) Special Education Contingency - These funds are granted to OPI to meet unexpected needs in local district special education budgets and are awarded by OPI on an as needed basis. General fund support of \$500,000 each year of the FY90-91 biennium maintains the FY88 current level funding.

(3) Transportation - School districts which provide transportation for students between home and school in excess of three miles are entitled to a reimbursement based upon bus size, occupancy, and a rate per mile. General fund support of \$6,252,894 each year of the FY90-91 biennium maintains the FY88 level of state reimbursement.

(4) School Foods - General fund support for this item allows the state to provide the maintenance of effort required by the federal school foods program. These funds are expended for management of the state school lunch program. Budgeted costs are \$594,751 each year of the FY90-91 biennium.

(5) Gifted & Talented - This item provides local districts with funds to implement and expand programs for gifted and talented students. General fund support of \$100,000 each year of the FY90-91 biennium maintains the FY88 base level of funding.

(6) State Impact Aid - Any school district which educates children of employees of a public institution may be eligible for state impact aid under 20-9-304, MCA. General fund support of \$5,000 for each year of the FY90-91 biennium maintains the FY88 base level of funding.

(7) Adult Basic Education - This item provides funds to allow persons to achieve their high school equivalency degree. Normally, funds have been provided for this program through interest earnings from the Education Trust Fund, as provided in 90-6-211, MCA. However, since the 1987 legislature appropriated the trust, interest earnings have fallen dramatically. As a result, some general fund support is required in the FY90-91 biennium to maintain the FY88 base level of funding. \$21,095 of general fund would be required in FY90 and \$22,095 of general fund would be needed in FY91.

(8) Distribution of State Equalization - This item apportions the revenues earmarked for state equalization of the foundation program among the elementary and high school districts throughout the state based upon the foundation schedules created by OPI less revenues already received through county equalization funds, as provided in 20-9-347, MCA.

(9) Federal Discretionary Funds - this item provides local school districts with federal grant money from the Department of Education, to be distributed at the discretion of OPI in accordance with the regulations of the grants.

Funding for the Distribution To Public Schools Program is requested to be provided in the FY90-91 biennium by the following sources: 20% from the general fund, 79% from the state special revenue fund through (1) interest from the Education Trust Fund; (2) lottery revenues, as provided in 20-9-531, MCA; (3) fines and forfeitures from traffic violations and fees for driver's licenses and motorcycle endorsements, as provided in 20-7-504, MCA; (4) apportionment of the state equalization revenue sources to the elementary and high school districts throughout the state, as provided in 20-9-347, MCA, and 1% from federal discretionary funds.

Modification Request

Dist. Adult Basic Ed - This request is for additional state special revenue for adult basic education matching funds. The required match in FY90 will be 15% and 20% in FY91. This will require a total of \$200,000 to be spent by the state in FY90 and \$250,000 to be spent in FY91. \$146,095 was expended by the state in FY88. Thus, the increase requested is for \$53,905 in FY90 and \$103,905 in FY91 to be funded through the state special revenue fund, as provided in 20-7-705, MCA.

CRIME CONTROL DIVISION

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	17.49	17.67	17.00	17.00
Personal Services	470,889.20	499,941	489,069	490,418
Operating Expenses	178,430.86	286,027	170,675	161,757
Equipment	28,627.70	8,500	0	0
Grants	1,544,393.67	2,527,403	2,286,500	2,386,500
Benefits and Claims	347,625.09	516,582	375,000	375,000
Total Agency Costs	\$2,569,966.52	\$3,838,453	\$3,321,244	\$3,413,675
General Fund	408,863.84	412,649	414,870	408,770
State Special Revenue Fund	280,856.46	480,936	359,374	475,905
Federal & Other Spec Rev Fund	1,880,246.22	2,944,868	2,547,000	2,529,000
Total Funding Costs	\$2,569,966.52	\$3,838,453	\$3,321,244	\$3,413,675
Current Level Services	2,524,868.25	3,765,341	3,321,244	3,413,675
Modified Level Services	45,098.27	73,112	0	0
Total Service Costs	\$2,569,966.52	\$3,838,453	\$3,321,244	\$3,413,675

Agency Description

The Board of Crime Control was created by Section 2-15-2006, MCA. Under the direction of a supervisory board appointed by the Governor, the Crime Control Division provides financial support, technical assistance and supportive services to state and local criminal justice agencies. Technical assistance includes such areas as jail improvement, management training, statistical analysis, Crimestoppers, victim/witness assistance and state-wide crime prevention support. Supportive services include: the Montana Uniform Crime Reporting System, which reports major offenses to the F.B.I. and provides management information for local law enforcement; training for juvenile jus-

tice system personnel; Peace Officer Standards and Training, which promulgates standards and training for the certification of all peace officers in the State of Montana; and, the criminal justice data base, which provides an automated central repository for criminal and juvenile justice system data. The Board administers and awards several grant programs, including the Juvenile Justice and Delinquency Prevention Act, the Victim/Witness Assistance Act, the State and Local Law Enforcement Assistance Act and the Narcotics Control Assistance Program. The 1987 Legislature transferred the Victims Compensation program to the Board of Crime Control from the Department of Labor and Industry, effective July 1, 1987.

JUSTICE SYSTEM SUPPORT SERVICE Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	17.49	17.67	17.00	17.00
Personal Services	470,889.20	499,941	489,069	490,418
Operating Expenses	161,414.30	286,027	170,675	161,757
Equipment	12,530.45	8,500	0	0
Grants	1,530,414.83	2,526,910	2,286,500	2,386,500
Benefits and Claims	347,625.09	516,582	375,000	375,000
Total Program Costs	\$2,522,873.87	\$3,837,960	\$3,321,244	\$3,413,675
General Fund	408,863.84	412,649	414,870	408,770
State Special Revenue Fund	280,856.46	480,936	359,374	475,905
Federal & Other Spec Rev Fund	1,833,153.57	2,944,375	2,547,000	2,529,000
Total Funding Costs	\$2,522,873.87	\$3,837,960	\$3,321,244	\$3,413,675
Current Level Services	2,477,775.60	3,764,848	3,321,244	3,413,675
Modified Level Services	45,098.27	73,112	0	0
Total Service Costs	\$2,522,873.87	\$3,837,960	\$3,321,244	\$3,413,675

Program Description

This program provides supportive services and technical assistance to state and local criminal justice agencies. Technical assistance includes such areas as jail improvement, management training, statistical analysis, Crime Stoppers and crime prevention. Supportive services include: the Montana Uniform Crime Reporting system, which reports major offenses to the FBI and provides management information for local law enforcement; Peace Officer Standards and Training, which promulgates standards and training for the certification of all peace officers; the criminal justice data base, which provides an automated central repository for criminal justice data; and the Victims Compensation program.

Budget Issues

The budget request includes the Crime Victims program which is supported by Federal Crime Victim Benefit funds and a state special revenue account - Crime Victim Benefits. The state special revenue account is derived from 16.9% of highway patrol fines and forfeitures. The operational budget for this activity is \$57,374 in FY90 and \$55,905 in FY91.

and is funded with the state special revenue funds. The balance of the state special revenue funds plus the federal funds are for direct benefits to crime victims. \$375,000 is budgeted for each year of the biennium for direct benefits. Two FTE administer the Crime Victim program.

The balance of the proposed operating budget is for the crime control activities of 15.00 FTE and supporting costs. This portion of the budget is supported with: \$414,870 of general fund in FY90 and \$408,770 in FY91, federal funds of \$142,500 for each year, and \$45,000 each year from training and technical assistant fees (a state special revenue account). The balance of the federal funds pass through to local entities, \$2,286,500 in FY90 and \$2,386,500 in FY91 in the form of Board of Crime Control grant awards.

FY88 actual includes 0.49 FTE, \$5,458 of personal service costs, \$15,568 of operating expenses, and \$6,637 of equipment expenses that were approved through the budget amendment process. The special projects will continue into FY89, but not continue into the 1991 biennium.

The proposed budget allows this program to maintain its current operations and includes a vacancy savings rate of 2.0%.

CRIME CONTROL DIVISION

BOARD OF CRIME CONTROL ACTION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	17,016.56	0	0	0
Equipment	16,097.25	0	0	0
Grants	13,978.84	493	0	0
Total Program Costs	\$47,092.65	\$493	\$0	\$0
Federal & Other Spec Rev Fund	47,092.65	493	0	0
Total Funding Costs	\$47,092.65	\$493	\$0	\$0
Current Level Services	47,092.65	493	0	0
Total Service Costs	\$47,092.65	\$493	\$0	\$0

Program Description

This program was used in the 1989 biennium to reflect prior year expenditures of federal pass through grants.

Budget Issues

Language in HB2 from the 1987 legislative session provided biennial appropriation authority for the federal grants administered by the Board of Crime Control and allowed for

any remaining federal FY87 authority to continue into the 1989 biennium. This provided for continuing authority for the three year federal grant authority period. The expenditures reflected in FY88 of this program are associated with federal FY87 grants. This program was originally set up to pass federal grants out to local entities, but was deleted for the 1989 biennium. These functions were transferred to the Justice System Support Service Program 01.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	8.50	8.50	8.50	8.50
Personal Services	255,090.12	258,273	254,033	255,041
Operating Expenses	195,069.56	196,047	195,717	193,242
Equipment	465.00	1,900	3,000	3,000
Local Assistance	76,050.00	302,400	200,000	200,000
Grants	719,941.64	970,000	720,000	720,000
Total Agency Costs	\$1,246,616.32	\$1,728,620	\$1,372,750	\$1,371,283
General Fund	76,050.00	302,400	200,000	200,000
State Special Revenue Fund	66,227.17	72,139	72,000	72,000
Federal & Other Spec Rev Fund	1,104,339.15	1,354,081	1,100,750	1,099,283
Total Funding Costs	\$1,246,616.32	\$1,728,620	\$1,372,750	\$1,371,283
Current Level Services	1,246,616.32	1,478,620	1,372,750	1,371,283
Modified Level Services	0.00	250,000	0	0
Total Service Costs	\$1,246,616.32	\$1,728,620	\$1,372,750	\$1,371,283

Agency Description

The Highway Traffic Safety Program was established by Title 61, chapter 2, MCA, to promote public safety, health, and welfare through efforts directed toward reducing death, injury, and property loss resulting from traffic accidents. Diverse projects are developed, initiated and maintained throughout various levels of government to ensure that a long-term, stable, and thoroughly professional statewide program exists.

Budget Issues

The proposed budget allows this program to maintain its current level of operations and includes a vacancy savings factor of 1.52% based on FY88 actual experience.

Federal funding for this program is provided by the National Highway Traffic Safety Administration with a required state match amounting to \$72,000 of Highway Gas Tax State Special Revenue for administration and planning.

HB277, 1987 Legislative Session, authorized the appropriation of general fund in an amount equal to the proceeds collected from a drivers' license reinstatement fee from counties with drinking and driving programs. The funds are distributed back to those counties to support their programs. The agency is requesting appropriation authority of \$200,000 for each year of the biennium, anticipating that more counties will have drinking and driving programs than in FY88.

DEPARTMENT OF JUSTICE

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	560.10	563.70	558.85	560.85
Personal Services	14,910,808.69	15,619,784	15,558,270	15,614,898
Operating Expenses	5,091,008.79	5,065,550	5,592,454	5,428,044
Equipment	1,384,603.09	1,116,386	1,053,133	946,195
Capital Outlay	248,000.00	0	0	0
Total Agency Costs	\$21,634,420.57	\$21,801,720	\$22,203,857	\$21,989,137
General Fund	5,113,949.44	4,997,678	4,967,212	4,809,013
State Special Revenue Fund	14,662,369.78	14,700,798	15,150,354	15,072,418
Federal & Other Spec Rev Fund	1,416,772.71	1,609,705	1,198,396	1,202,876
Proprietary Fund	441,328.64	493,539	887,895	904,830
Total Funding Costs	\$21,634,420.57	\$21,801,720	\$22,203,857	\$21,989,137
Current Level Services	21,468,563.76	21,769,720	22,103,598	21,839,021
Modified Level Services	165,856.81	32,000	100,259	150,116
Total Service Costs	\$21,634,420.57	\$21,801,720	\$22,203,857	\$21,989,137

Agency Description

The Department of Justice, under the direction of the Attorney General, provides the state level leadership and coordination necessary for effective law enforcement and public safety, as authorized in section 2-15-501, MCA. The goals of the department are: 1) to provide the best possible legal representation for the state and its political subdivisions in criminal appeals; 2) to provide legal services for the state, county, and municipal agencies and their officials; 3) to enforce Montana traffic laws and register all motor vehicles; 4) to enforce state fire safety codes and regulations; 5) to assist local law enforcement agencies in bringing offenders to justice; and 6) to manage a statewide system of death investigations and provide scientific analyses of specimens submitted by law enforcement officials, coroners and state agencies.

Budget Issues

Current level budget recommendations of the Department of Justice will reflect indirect/administrative costs of the Cen-

tral Services Division. The Central Services Division supported by 100% general fund, provides various services to 21 other programs that are supported by both general fund and non general fund accounts. Programs receiving services should contribute to the cost of the division's operations. A cost allocation plan to support the Central Services Division is being recommended. General fund savings will be approximately \$294,000 in FY90 and \$272,000 in FY91.

The department has prepared and will be presenting a cost allocation plan developed to recover operational costs of the regional dispatch centers of the Communications Bureau, Highway Patrol Division. Language in HB2 from the 1987 Legislative Session directed the agency to prepare a plan with the intent that the Highway Patrol Division would be reimbursed for services provided to user agencies that are not funded with state special highway revenue account funds.

LEGAL SERVICES DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	19.50	19.50	19.50	19.50
Personal Services	668,859.43	677,683	694,124	695,608
Operating Expenses	133,846.85	129,185	158,720	147,204
Equipment	1,149.00	0	0	0
Total Program Costs	\$803,855.28	\$806,868	\$852,844	\$842,812
General Fund	781,820.28	784,978	828,925	818,923
State Special Revenue Fund	22,035.00	21,890	23,919	23,889
Total Funding Costs	\$803,855.28	\$806,868	\$852,844	\$842,812
Current Level Services	803,855.28	806,868	852,844	842,812
Total Service Costs	\$803,855.28	\$806,868	\$852,844	\$842,812

Program Description

The Legal Services Program provides the Attorney General with legal research and analysis; provides legal counsel for state government officials, bureaus, and boards; represent Montana's interests in cases before state and federal courts, antitrust cases and cases involving property that reverts to the state in the absence of legal heirs; interprets laws; provides legal assistance to local governments in bond issues and in other matters; and, enforces the laws relating to the reporting and collection of unclaimed property belonging to persons who cannot be located.

Budget Issues

The FTE level increased by 0.50. A 0.50 secretarial position was transferred from Driver Services during FY88 and will continue as part of the current level of this program for FY90 and FY91.

A 2% vacancy savings rate is recommended for this program, but is not being applied to the elected official position of the Attorney General.

The program budget request indicates an approximate \$25,000 increase in FY90 and \$13,000 in FY91 of operating expenses. This is due to \$5,000 of increased costs for private legal counsel and Westlaw services in FY90, \$3,000 of Westlaw services in FY91, a \$4,000 increase in dues and costs of publications from the National Association of Attorney Generals (NAAG) in each year, and indirect/administrative costs for Central Services Division of \$13,995 in FY90 and \$12,835 in FY91.

\$6,500 as a line-item in each year of the biennium is recommended for case related travel.

The state special revenue fund (Escheat Estate) supports part of the costs of an attorney and related operational costs for assisting the Department of Revenue enforce the state's Escheat Law.

INDIAN LEGAL JURISDICTION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	60,256.57	60,335	60,340	60,368
Operating Expenses	66,119.48	44,326	105,815	5,736
Total Program Costs	\$126,376.05	\$104,661	\$166,155	\$66,104
General Fund	126,376.05	104,661	166,155	66,104
Total Funding Costs	\$126,376.05	\$104,661	\$166,155	\$66,104
Current Level Services	126,376.05	104,661	166,155	66,104
Total Service Costs	\$126,376.05	\$104,661	\$166,155	\$66,104

Program Description

The Indian Legal Jurisdiction program provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of private attorneys contracted by the State to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

Budget Issues

A \$100,000 biennial, line-item appropriation is being recommended for legal fees, expert witnesses, and other court costs. The amount of the appropriation is the same as what was approved for the 1989 biennium. The \$100,000 is budgeted in FY90.

DEPARTMENT OF JUSTICE

A 2% vacancy savings rate is recommended for this program.

The budget request includes \$1,212 in FY90 and \$1,125 in FY91 for the Central Service Division's indirect/administrative costs.

COUNTY PROSECUTOR SERVICES Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	117,244.52	112,868	117,020	117,185
Operating Expenses	19,954.96	22,466	22,759	22,642
Total Program Costs	\$137,199.48	\$135,334	\$139,779	\$139,827
General Fund	137,199.48	135,334	139,779	139,827
Total Funding Costs	\$137,199.48	\$135,334	\$139,779	\$139,827
Current Level Services	137,199.48	135,334	139,779	139,827
Total Service Costs	\$137,199.48	\$135,334	\$139,779	\$139,827

Program Description

The County Prosecutor Services program provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. County Prosecutor Services also provides prosecutor services to the Eastern Coal Counties Drug Task Force and the Western Montana Special Investigation Section and coordinates

training and continuing legal education for county attorneys, city attorneys and law enforcement personnel.

Budget Issues

The recommended budget allows the program to maintain current level operations.

The budget includes a recommended vacancy savings rate of 0.45%, the actual experienced in FY88, and Central Service Division indirect/administrative costs of \$2,449 in FY90 and \$2,275 in FY91.

AGENCY LEGAL SERVICES Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	10.00	10.00	11.50	13.50
Personal Services	351,673.69	367,965	387,894	438,889
Operating Expenses	82,077.78	125,489	103,788	113,608
Equipment	7,084.17	0	18,216	3,605
Total Program Costs	\$440,835.64	\$493,454	\$509,898	\$556,102
Proprietary Fund	440,835.64	493,454	509,898	556,102
Total Funding Costs	\$440,835.64	\$493,454	\$509,898	\$556,102
Current Level Services	440,835.64	493,454	438,595	439,067
Modified Level Services	0.00	0	71,303	117,035
Total Service Costs	\$440,835.64	\$493,454	\$509,898	\$556,102

Program Description

The Agency Legal Services Program provides legal services, upon request, to state agencies. Agencies are billed for attorney time and case-related costs to support the program.

Budget Issues

The program is proprietary account funded. The 1987 Legislature set the attorney rate per hour at \$47.80 and continued

the per hour rate for investigator time at \$25. No increase is being requested.

The budget request includes \$6,000 each year of the biennium for two legal interns per year at a cost of \$3,000 per contract, and indirect/administrative costs for the Central Service Division of \$7,684 in FY90 and \$7,145 in FY91.

A vacancy savings rate of 2% is being recommended for this program.

Modification Request

3.50 FTE Additional Staff - The agency is requesting an additional attorney and 0.50 secretary in FY90 and an additional attorney and a full time secretary in FY91 plus supporting operating costs for each year. The modification requests \$53,087 in FY90 and \$112,310 in FY91 of Agency Legal Services Proprietary Account. In FY88 Tort Claims Division and the State Compensation Insurance Fund, Workers Compensation Division (the major users of the agency's legal services) referred 32 and 138 new cases respectfully to private legal firms. One additional FTE attorney for the agency could be expected to accept 10 new Tort Claims Division cases and State Fund cases per year, which could result in a cost savings for the state.

The 0.50 secretary FTE is needed for current level staff support and the 1.00 secretary FTE requested for FY91 would support the two new attorneys.

Computer Request - In 1986 Agency Legal Services began a pilot project to provide its attorneys and investigator with computer equipment for use in the attorneys' trial practice. Three computers were purchased in FY86 and a fourth in FY88. The agency is now requesting authority to purchase six more personal computers. This would allow the agency to complete the pilot project and make full use of available technology. \$18,216 in FY90 is requested to purchase five personal computer workstations, five control centers, a laser printer, and five WordPerfect software packages. \$1,120 is requested in FY91 for maintenance contracts for the new equipment and \$3,605 for a personal computer workstation, a control center and a WordPerfect software package. No increase in hourly rates is anticipated to cover these additional costs.

DRIVER SERVICES BUREAU Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	89.20	89.05	86.05	86.05
Personal Services	1,728,630.38	1,839,945	1,775,810	1,778,763
Operating Expenses	591,074.93	602,689	659,467	649,600
Equipment	111,635.34	100,200	7,000	7,000
Total Program Costs	\$2,431,340.65	\$2,542,834	\$2,442,277	\$2,435,363
General Fund	1,814,598.84	1,746,881	1,898,577	1,848,663
State Special Revenue Fund	428,939.84	650,953	443,700	486,700
Federal & Other Spec Rev Fund	187,801.97	145,000	100,000	100,000
Total Funding Costs	\$2,431,340.65	\$2,542,834	\$2,442,277	\$2,435,363
Current Level Services	2,396,413.69	2,542,834	2,442,277	2,435,363
Modified Level Services	34,926.96	0	0	0
Total Service Costs	\$2,431,340.65	\$2,542,834	\$2,442,277	\$2,435,363

Program Description

The Driver Licensing program is responsible for implementing and administering the laws relating to the examination, issuance, cancellation, suspension, revocation, and reinstatement of drivers' licenses and driving privileges.

Budget Issues

HB181 (the administration of suspended drivers' licenses and reinstatement fees) and SB212 (a classified commercial vehicle operator's licensing program) added a total of 6.00 FTE in FY88 and 7.85 FTE in FY89 to the FY86 base of 81.70 FTE for a total of 87.70 in FY88 and 89.55 in FY89. A budget amendment in FY88 authorized two additional FTE and spending authority for HB277 (administration of the \$50 reinstatement fee for DUI suspensions) passed in the 1987 Legislature. The two additional FTE authorized by HB277 plus the adjusted total of 87.70 FTE for FY88 minus a 0.50 secretarial FTE transferred to Legal Services equals 89.20 FTE for FY88. The two FTE added by budget amendment do not continue into the 1991 biennium.

For FY90 and FY91 the agency reduced two administrative clerk FTE by a 0.50 each for one full position reduction. It is recommended that two additional positions associated with SB212 be cut for FY90 and FY91 for a savings of \$52,089 and \$53,008 respectively. Federal funds from the Commercial Motor Vehicle Act (\$260,000 in FY88 and

\$130,000 in FY89) and Motor Vehicle Account funds (\$55,900 in FY88 and \$129,800 in FY89) were to support the activity during the 1989 biennium. Actual expenditures in FY88 for SB212 activities were \$152,875 of federal funds and \$55,900 of Motor Vehicle Account funds. In the 1991 biennium if costs of the activities continue at approximately \$200,000 per year, \$100,000 would be covered by federal funds and \$100,000 of Motor Vehicle Account funds. But sufficient Motor Vehicle Account funds will not be available and general fund will have to fund the balance and any other increases in the program budget.

Operating expenses increase by approximately \$68,000 in FY90 and \$58,000 in FY91 over FY88 actual. Central Service Division indirect/administrative costs amount to \$42,790 in FY90 and \$39,484 in FY91. Other increases over FY88 actual are: 1) Rent increases of \$12,000 for each year due to the moving of the Missoula examining office from Missoula County facilities to commercial facilities; moving the Great Falls office to a larger space within the Holiday Village; rent increases in Billings, Great Falls, and Kalispell; and rent for office space in the Lincoln County courthouse. 2) Increase of computer network services with the implementation of the commercial driver licensing system and the automating of field examination stations by \$13,300 each year. All but an increase of \$4,500 each year was off set by the deactivation of the IBM 8100 System. 3) \$3,300 increase each year for photocopy pool services. 4) A

DEPARTMENT OF JUSTICE

\$3,300 increase in FY90 over FY88 and a decrease in FY91 of \$3,400 from FY88 for photographic services. The agency contracts with National Business Systems (NBS) for drivers' licenses and identification cards. The current cost per document is \$.659. It is anticipated that the cost will increase as the three year contract began in the base year is re-bid in

FY90. More drivers' licenses are renewed in even years than odd, therefore, a decrease in the request for FY91. 5) \$3,100 increase of rent for Department of Administration office space for each year of the biennium.

A 2% vacancy savings rate is recommended for this program.

HIGHWAY PATROL DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	258.40	258.40	257.40	257.40
Personal Services	7,473,930.08	7,698,075	7,695,092	7,689,116
Operating Expenses	1,708,858.99	1,706,438	1,965,954	1,934,423
Equipment	986,322.14	913,250	869,168	856,100
Total Program Costs	\$10,169,111.21	\$10,317,763	\$10,530,214	\$10,479,639
State Special Revenue Fund	9,628,006.25	9,735,252	10,075,153	10,024,028
Federal & Other Spec Rev Fund	541,104.96	582,511	455,061	455,611
Total Funding Costs	\$10,169,111.21	\$10,317,763	\$10,530,214	\$10,479,639
Current Level Services	10,149,537.56	10,317,763	10,502,214	10,451,639
Modified Level Services	19,573.65	0	28,000	28,000
Total Service Costs	\$10,169,111.21	\$10,317,763	\$10,530,214	\$10,479,639

Program Description

The Highway Patrol program is responsible for patrolling the highways in Montana, enforcing traffic laws and investigating traffic accidents. The Patrol gives assistance and information to motorists, first-aid to those injured in traffic accidents, and transports blood and medical supplies in emergency situations.

The Patrol, through its Communications Bureau, also provides 24-hour, seven day a week communication and radio dispatch from three regional dispatch centers for the Highway Patrol for all of Montana. The bureau also provides communication and radio dispatch service for other state agencies including the Attorney General, Fire Marshal, Criminal Investigators, Department of Livestock, Fish, Wildlife, and Parks, Disaster and Emergency Services, and the Highway Department.

The Motor Carrier Safety Assistance Program (MCSAP) is to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection Program in all levels of inspections as well as Safety Review Audits.

Budget Issues

The breakdown of the Highway Patrol Division recommended budget by function/control account is shown in Table 1.

Operations

The uniform and non-uniform function/control accounts were combined during FY88. There were 200 FTE in uniform and 14.60 FTE in the non-uniform for a total of 214.60 FTE. During FY88 one FTE was transferred to the communications control account for an adjusted FTE count of 213.60 which continues into the 1991 biennium.

Recommended operating expenses increase by approximately \$216,000 in FY91 and \$185,000 in FY91 over FY88

actual expenditures. Indirect/administrative costs for the Central Services Division account for \$162,981 in FY90 and \$150,549 in FY91 of the difference. \$22,500 is requested in FY90 to remove 30 underground gasoline tanks. The agency has 36 underground gas tanks that are between 5 and 18 years old, and will retain those located at the District Offices and in Glendive. Due to new federal regulations, gasoline tanks will have to be monitored at a cost of \$1,000 at each site in Glendive and Butte. Agency tanks located on Highway Department property will be monitored by their monitoring system. Rent for non Department of Administration office space increases by \$40,970 each year of the biennium: \$32,400 is for rent to nine counties where the Highway Patrol has office space but previously had not been paying rent, \$1,950 is for increased rent for existing tower sites, and \$6,620 is for rent on new tower sites.

The FY90 equipment request includes 65 cars at an estimated cost of \$12,000 per car; \$11,740 for two microcomputers, two printers, and two modems; \$16,400 for replacement of vests and video equipment; \$30,000 for underground gasoline tanks; and \$3,028 for replacement of office equipment. In FY91 \$812,500 is requested for 65 cars at an estimated cost of \$12,500 per car, and \$15,600 for the replacement of vests and video equipment.

A vacancy savings rate of 2% is recommended for this function/control account.

Funding is from the Highway State Special Revenue Account.

Highway Patrol Cadets

The requested budget allows this function/control account to maintain its operations. \$1,500 was included in each year to replace cadet clothing that is unserviceable, and \$2,143 each year is for educational manuals and materials. A 2% vacancy savings rate is recommended.

Funding is from the Highway State Special Revenue Account.

Communications

The Department of Justice was directed by language in HB2 from the 1987 Legislative Session to prepare a cost allocation plan in order to recover the cost of communication and dispatch services provided to other agencies. The department has prepared and will submit the plan to the 51st Legislature.

The FTE level increased by two over FY88 with the transfer of one FTE from the operations function/control account and one from MCSAP, resulting in a total FTE level of 27.05 for the biennium.

Operating expenses increase over FY88 by approximately \$14,000 for FY90 and FY91 due to an increase of \$4,000 in long distance charges for the patrol's emergency telephone number (525-5555) for the motoring public, and indirect/administrative costs for the Central Services Division of \$10,325 in FY90 and \$9,585 in FY91.

A vacancy savings rate of 2% is recommended for this program.

Funding is from the Highway State Special Revenue Account.

Motor Carrier Safety Assistance Program (MCSAP)

The Department of Justice was notified that additional federal funds were available for the 1989 biennium and legislative approval was given to increase the FTE level from six to twelve. The department did not receive as much federal funding as originally anticipated and two positions were never filled. One FTE was transferred to the communications function/control account and the other to Data Processing.

Operating expenses increase by approximately \$14,000 in each year of the biennium over FY88 actual. Printing of forms and schedules used by the inspectors shows as a \$5,000 increase over FY88 for FY90 and FY91, gasoline expenses in FY88 are understated by \$2,400 due to the slow start up of the additional staff, and indirect/administrative costs for the Central Services Division are \$6,589 for FY90 and \$6,118 in FY91.

Funding for the function/control account is the National Highway Traffic Safety Administration, U.S. Department of Transportation, and requires a 20% match. Highway State Special Revenue Account funds are used for the match.

No vacancy savings is recommended for this function/control account.

65 MPH Squad

One FTE was deleted by the department due to a decrease in available federal funding. This brings the FTE level to three for each year in the biennium.

The function/control account is supported by federal funds from the National Highway Traffic Safety Administration.

No vacancy savings is recommended for this function/control account.

Department of Justice Table 1
Highway Patrol Division
1991 Biennium Budgets

	FY90	FY91
<u>Operations</u>		
FTE	213.60	213.60
Personal Services	\$6,772,181	\$6,765,739
Operating Expenses	1,688,952	1,657,803
Equipment	841,168	828,100
Total	\$9,302,301	\$9,251,642
Funding Source:		
Highway State Special	\$9,302,301	\$9,251,642
<u>Cadets</u>		
FTE	3.75	3.75
Personal Services	\$62,313	\$62,328
Operating Expenses	30,527	30,397
Equipment	0	0
Total	\$92,840	\$92,725
Funding Source:		
Highway State Special	\$92,840	\$92,725
<u>Communications</u>		
FTE	27.05	27.05
Personal Services	\$505,375	\$505,821
Operating Expenses	83,956	83,179
Equipment	0	0
Total	\$589,331	\$589,000
Funding Source:		
Highway State Special	\$589,331	\$589,000
<u>MCSAP</u>		
FTE	10.00	10.00
Personal Services	\$270,374	\$270,468
Operating Expenses	105,714	105,496
Equipment	0	0
Total	\$376,088	\$375,964
Funding Sources:		
Motor Vehicle Account	\$62,681	\$62,661
Federal Funds	313,407	313,303
Total	\$376,088	\$375,964
<u>65 MPH Squad</u>		
FTE	3.00	3.00
Personal Services	\$84,849	\$84,760
Operating Expenses	56,805	57,548
Equipment	0	0
Total	\$141,654	\$142,308
Funding Source:		
Federal Funds	\$141,654	\$142,308

Modification Request

Hand Held Radios - The Highway Patrol has been accredited by the National IACP, and one standard that must be adhered to is the constant communication with the officer in the field. The communication is to monitor the officer for his safety and the Patrol's knowledge of where the officer on duty is at all times. It is requested that the Patrol phase in the purchase of the radios over five years. \$28,000 of Highway State Special Revenue Account funds each year of the biennium is being requested.

REGISTRAR'S BUREAU
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	70.50	73.00	73.00	73.00
Personal Services	1,255,646.66	1,300,921	1,332,154	1,334,424
Operating Expenses	738,026.89	794,811	821,269	818,532
Equipment	37,977.28	28,740	21,212	19,612
Total Program Costs	\$2,031,650.83	\$2,124,472	\$2,174,635	\$2,172,568
State Special Revenue Fund	1,962,056.04	2,064,472	2,174,635	2,172,568
Federal & Other Spec Rev Fund	69,594.79	60,000	0	0
Total Funding Costs	\$2,031,650.83	\$2,124,472	\$2,174,635	\$2,172,568
Current Level Services	1,986,070.96	2,124,472	2,174,635	2,172,568
Modified Level Services	45,579.87	0	0	0
Total Service Costs	\$2,031,650.83	\$2,124,472	\$2,174,635	\$2,172,568

Program Description

The Registrar of Motor Vehicles Bureau implements the provisions of Montana Codes Annotated, Title 61, Chapters 3, 4, and 6; Title 23, Chapters 2 and 3. The motor vehicle, boat, and snowmobile registration and titling programs provide a system of registration, licensing, certificate of ownership and lien recording. The program is also responsible for licensing of motor vehicle dealers and manufactures.

Budget Issues

SB200 passed by the 1987 Legislature replaced the fee in lieu of tax on light motor vehicles with a property tax. \$60,000 from the Education Trust Fund Account was appropriated in each year of the 1989 biennium for implementation. The agency in FY88 through an operational plan change added a temporary 0.50 FTE to assist counties in implementing SB200. The 0.50 FTE and the Education Trust Fund Account funding do not continue into the 1991 biennium.

Certification of ownership of motorboats and vessels was required under HB730 also passed in the 1987 Legislature. Revenues generated by the bill are deposited in the Motor Vehicle Account. Three additional FTE were authorized for FY89 to administer this program, and the FTE will continue into the 1991 biennium.

Operating costs increase by approximately \$82,000 in FY90 and \$80,000 in FY91 over FY88 actual expenditures. Central Services Division indirect/administrative costs account for \$38,101 in FY90 and \$35,353 in FY91 of the differences. Other differences are: 1) The annual cost of the National Automobile Dealers Association (NADA) Used Car Guide of \$38,830 in FY90 and \$42,713 in FY91. This is an

increase of \$7,015 in FY90 and \$10,898 in FY91 over FY88 actual expenditures. The guide is a magnetic tape containing passenger vehicle and light truck values used to calculate taxes. 2) Increase of the janitorial contract of \$4,500 in FY90 and \$4,800 in FY91. 3) An \$18,000 increase in postage and mailing for each year. The increase allows growth, the addition of boat titles and the postage increase. 4) The approximate increases in utilities of \$2,000 in FY90 and \$3,000 in FY91 is due to inflation estimates for electricity and natural gas. 5) A \$6,000 increase in the cost of continuous generic receipt forms for FY90. The cost in FY88 was \$26.55 per thousand and the cost in FY89 increased to \$53.10 per thousand. The cost includes \$4.00 for rush order and a 4th ply and right and left perforated margins. Although the increased costs for the generic receipt forms are reflected in the FY91 budget request, a sufficient supply of other forms are being requested in FY90 to last two years and reduces the FY91 request to the FY88 level. 6) Supply and material costs will increase by approximately \$5,000 each year due to an increase in microfilming supplies plus price increases, and a need for triple the number of printer ribbons when the agency begins using the generic receipt. 7) Inflation on data processing services increase the budget request by \$8,084 in FY90 and \$14,800 in FY91.

The equipment request for FY90 includes \$7,362 for six computer terminals to replace six purchased in 1978, \$12,350 for a microfilm camera and three readers, and \$1,500 for three microfilm carousels. The FY91 request includes \$7,362 for six computer terminals to replace terminals purchased in 1978 and 1979, \$3,250 to replace five typewriters that are 10 to 20 years old, work station dividers for \$2,900, and \$6,100 for a conveyer system.

The program is 100% funded by the Motor Vehicle Account.

LAW ENFORCEMENT SERVICES DIV
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	71,206.76	68,150	71,009	71,057
Operating Expenses	9,728.60	9,734	11,350	11,229
Equipment	286.00	0	342	0
Total Program Costs	\$81,221.36	\$77,884	\$82,701	\$82,286
General Fund	81,221.36	77,884	82,701	82,286
Total Funding Costs	\$81,221.36	\$77,884	\$82,701	\$82,286
Current Level Services	81,221.36	77,884	82,701	82,286
Total Service Costs	\$81,221.36	\$77,884	\$82,701	\$82,286

Program Description

The Law Enforcement Services Division program administers three bureaus: Criminal Investigation, Fire Marshal and Identifications. These bureaus provide a broad spectrum of services vital to local, county, state and federal law enforcement criminal justice agencies throughout Montana.

Budget Issues

The recommended budget allows the program to maintain operations at current level. No vacancy savings rate is recommended for this program. Central Services Division indirect/administrative costs are budgeted at \$1,449 in FY90 and \$1,339 in FY91.

COUNTY ATTORNEY PAYROLL
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	18.60	18.60	19.25	19.25
Personal Services	940,861.80	937,463	952,316	952,672
Operating Expenses	0.00	0	16,983	15,759
Total Program Costs	\$940,861.80	\$937,463	\$969,299	\$968,431
General Fund	940,861.80	937,463	969,299	968,431
Total Funding Costs	\$940,861.80	\$937,463	\$969,299	\$968,431
Current Level Services	940,861.80	937,463	969,299	968,431
Total Service Costs	\$940,861.80	\$937,463	\$969,299	\$968,431

Program Description

The County Attorney Payroll program pays one-half the salary and benefits of the 56 county attorneys from state general fund.

Budget Issues

One half of county attorney salaries are paid from the general fund in accordance with 7-4-2502(2)(a), MCA; and the salaries of the county attorneys are set by 7-4-2503(3), MCA. In counties with a population of less than 30,000 the county commissioners can 1) increase the office of county attorney to full time from part time or 2) reduce the office of county attorney from full time to part time. In each case

the decision is made with the consent of the county attorney, 7-4-2706, MCA. From FY88 to FY90 and FY91 eight counties changed the status of their county attorneys. Four counties (Fergus, Big Horn, Stillwater, and Lincoln) increased their county attorneys to full time an increase of 0.85 FTE. The other four counties (Powder River, Musselshell, Liberty, and Wibaux) reduced their part time county attorneys to half time or a decrease of 0.20 FTE. The net change in FTE is an additional 0.65 FTE.

No vacancy savings is being applied to this program.

The budget request includes indirect/administrative costs for the Central Services Division of \$16,983 in FY90 and \$15,759 in FY91.

DEPARTMENT OF JUSTICE

LAW ENFORCEMENT ACADEMY DIV
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	Recommendation FY 1991
Full Time Equivalent Employees	10.00	10.00	10.00	10.00
Personal Services	294,772.71	274,365	270,839	271,133
Operating Expenses	302,083.86	145,891	252,010	256,983
Equipment	9,483.83	3,540	9,576	9,576
Capital Outlay	248,000.00	0	0	0
Total Program Costs	\$854,340.40	\$423,796	\$532,425	\$537,692
State Special Revenue Fund	849,197.94	423,796	532,425	537,692
Federal & Other Spec Rev Fund	5,142.46	0	0	0
Total Funding Costs	\$854,340.40	\$423,796	\$532,425	\$537,692
Current Level Services	846,237.50	423,796	531,469	532,611
Modified Level Services	8,102.90	0	956	5,081
Total Service Costs	\$854,340.40	\$423,796	\$532,425	\$537,692

Program Description

The Law Enforcement Academy Division program provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel, as specified by sections 44-10-101 through 44-10-103, MCA.

Budget Issues

Language was included in HB2 of the 1987 Legislative Session, that instructed the Department of Justice to purchase the modular facilities in Bozeman that house the academy. A lawsuit filed on July 1, 1987 challenged the state's authority to purchase the facility and a temporary restraining order was issued prohibiting the department from negotiating the purchase. The Supreme Court issued a favorable ruling on March 8, 1988, and the department proceeded with purchase negotiations. The facilities were purchased for \$248,000 and the expenditure shows as an actual FY88 capital outlay expense. The department continued to pay rent from July 1, 1987 through March 31, 1988, and \$108,758 of building rent expenses are also reflected in FY88 actual.

Operating expenses of approximately \$120,000 in FY88 were considered one time expenses and not included in the budget request for the 1991 biennium. With the purchase of the facilities other operating expenses needed to be added to the budget they include for each year of the biennium: \$3,170 for linens and bedding, electricity at \$12,000, natural

gas at \$6,000, \$1,500 for water and sewer, \$1,080 for garbage and trash removal, and a contingency fund of \$12,000 for repair and maintenance. Other increases in operating expenses in comparison to FY88 actual include \$4,500 each year for janitorial services, \$18,940 in each year for food service due to the increase of the Basic Course to ten weeks, and ammunition increases by \$4,900 in each year. The budget request also includes Central Services Division indirect/administrative costs of \$9,312 in FY90 and \$8,666 in FY91.

The agency's equipment request of \$9,576 each year of the biennium consists of \$2,400 annually for a lease/purchase contract entered into in September 1988 for telephone equipment, \$1,452 annually for the lease/purchase of an automated mailing system, and \$5,724 annually for the purchase agreement on personal computers. The computers will be paid off in 1992.

The recommended budget is supported by \$125,194 in FY90 and \$125,034 in FY91 of fees/tuition, and Motor Vehicle Account funds of \$406,275 in FY90 and \$407,557 in FY91.

Modification Request

Coroner Training - SB356, enacted by the 1987 Legislature (7-4-2905, MCA) requires that the Attorney General provide a 40 hour basic coroner education course after each general election and a 16 hour advanced coroner course annually. The modification request of \$956 in FY90 and \$5,081 in FY91 will be supported by Motor Vehicle Account funds.

**FIRE MARSHAL BUREAU
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	9.00	9.00	9.00	9.00
Personal Services	247,787.76	253,503	255,014	255,459
Operating Expenses	59,786.35	62,185	63,916	63,805
Equipment	15,263.11	9,852	2,802	2,802
Total Program Costs	\$322,837.22	\$325,540	\$321,732	\$322,066
General Fund	315,689.79	319,335	321,732	322,066
Federal & Other Spec Rev Fund	7,147.43	6,205	0	0
Total Funding Costs	\$322,837.22	\$325,540	\$321,732	\$322,066
Current Level Services	315,689.79	325,540	321,732	322,066
Modified Level Services	7,147.43	0	0	0
Total Service Costs	\$322,837.22	\$325,540	\$321,732	\$322,066

Program Description

The Fire Marshal program is responsible for reducing the loss of life and property from fire, explosion and arson. Services offered by this program are fire and arson investigation, inspection of state owned buildings, fire code interpretation and enforcement, and the collection of fire data through the fire incident reporting system.

Budget Issues

The agency has had a "contracted" employee budgeted for several years. Concern has been expressed as to the validity of certain "contracted" employees and whether they should

be permanent full-time state employees with paid benefits. An FTE was established in FY88 and is supported by funds allocated to Contracted Services.

The proposed budget allows the program to maintain its current level of operations. Central Services Division indirect/administrative costs of \$5,637 in FY90 and \$5,241 in FY91 have been included in the budget request.

The equipment request allows for three high band radios in each year of the biennium.

A 2% vacancy savings rate is recommended for this program.

**IDENTIFICATION BUREAU
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	163,165.73	164,002	166,085	166,394
Operating Expenses	66,608.62	68,507	71,390	73,995
Equipment	3,832.85	579	0	0
Total Program Costs	\$233,607.20	\$233,088	\$237,475	\$240,389
General Fund	233,607.20	233,088	237,475	240,389
Total Funding Costs	\$233,607.20	\$233,088	\$237,475	\$240,389
Current Level Services	233,607.20	233,088	237,475	240,389
Total Service Costs	\$233,607.20	\$233,088	\$237,475	\$240,389

Program Description

The Identification program is responsible for collecting, preserving and disseminating accurate criminal history record information in the state and nationally, and providing latent print services and related training to criminal justice agencies throughout the state. The program also serves as a clearinghouse and central repository for information regarding missing and unidentified persons and missing children.

Budget Issues

The proposed budget allows the program to maintain its current level of operation. FY91 includes \$3,000 for the biennial purchase of fingerprint cards, card envelopes, disposition report forms and incidental reports and forms. Central Services Division indirect/administrative costs included in the budget are \$4,161 in FY90 and \$3,912 in FY91.

A 2% vacancy savings rate is recommended for this program.

CRIMINAL INVESTIGATION BUREAU
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	7.00	7.00	4.00	4.00
Personal Services	142,160.91	220,881	135,999	136,042
Operating Expenses	51,149.74	68,994	36,949	36,850
Equipment	13,207.50	10,000	0	0
Total Program Costs	\$206,518.15	\$299,875	\$172,948	\$172,892
General Fund	176,959.50	165,527	172,948	172,892
Federal & Other Spec Rev Fund	29,558.65	134,348	0	0
Total Funding Costs	\$206,518.15	\$299,875	\$172,948	\$172,892
Current Level Services	194,518.15	267,875	172,948	172,892
Modified Level Services	12,000.00	32,000	0	0
Total Service Costs	\$206,518.15	\$299,875	\$172,948	\$172,892

Program Description

The Criminal Investigation program, directed by the Criminal Investigation Bureau, General Investigation Section, assists "city, county, state and federal law enforcement agencies at their request by providing expert and immediate aid in investigation and solution of felonies committed in Montana" (Section 44-2-115(1), MCA) and investigates "any apparent violation of penal statutes disclosed by the audit of a state agency" conducted by the Legislative Auditor and reported by him to the Attorney General and the Governor (Section 5-13-304(4), MCA). The program also collects, analyzes, and disseminates criminal investigative information throughout the law enforcement community in Montana and other states.

Budget Issues

A customs investigator (1.0 FTE) to work with U.S. Customs special agents on border interdiction along the

Montana/Canadian border was approved during the 1987 Legislative Session, contingent upon availability of federal funds. No federal funds were received and the position was never filled. It is recommended that the position be deleted.

Federal funds from the Rocky Mountain Information System (RMIN) that supports two FTE and operating expenses will not be received in the next biennium. FY88 RMIN actual expenditures were \$29,559 and were not considered when developing the 1991 biennium recommended budget request. It is recommended that the two RMIN supported FTE be deleted.

The proposed budget allows the program to maintain its operations and includes \$3,030 in FY90 and \$2,814 in FY91 for Central Services Division indirect/administration costs.

A 2% vacancy savings rate is recommended for this program.

SPECIAL INVESTIGATION SECTION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	14.75	16.00	16.00	16.00
Personal Services	335,665.56	473,334	467,064	467,622
Operating Expenses	234,453.08	299,255	284,533	283,973
Equipment	118,754.89	36,591	17,565	22,500
Total Program Costs	\$688,873.53	\$809,180	\$769,162	\$774,095
State Special Revenue Fund	113,111.08	129,136	125,827	126,830
Federal & Other Spec Rev Fund	575,762.45	680,044	643,335	647,265
Total Funding Costs	\$688,873.53	\$809,180	\$769,162	\$774,095
Current Level Services	688,873.53	809,180	769,162	774,095
Total Service Costs	\$688,873.53	\$809,180	\$769,162	\$774,095

Program Description

The Criminal Investigation - Drug Enforcement program, directed by the Criminal Investigation Bureau (includes the CIB Eastern and Western Special Investigation Sections)

provides criminal investigative services primarily in illegal drugs and stolen property, prosecutorial assistance in illegal drug cases, laboratory of criminalistics analysis on illegal drug samples, and drug enforcement training to city, county,

state or federal criminal justice agencies that request those services.

Budget Issues

Table 2 breaks out the two activities of this program, Special Investigations East and Special Investigations West.

Department of Justice Table 2
Special Investigations
1991 Biennium Budgets

	FY90	FY91
East		
FTE	6.00	6.00
Personal Services	\$174,353	\$174,410
Operating Expenses	118,266	118,035
Equipment	0	0
Total	\$292,619	\$292,445
Funding Source:		
Montana Coal Board	\$292,619	\$292,445
West		
FTE	10.00	10.00
Personal Services	\$292,711	\$293,212
Operating Expenses	166,267	165,938
Equipment	17,565	22,500
Total	\$476,543	\$481,650
Funding Sources:		
Motor Vehicle Account	\$125,827	\$126,830
Federal Funds	350,716	354,820
Total	\$476,543	\$481,650

Special Investigation East's proposed budget includes 6.00 FTE and total funding of \$292,619 in FY90 and \$292,445 in FY91 which allows the activity to maintain its current level of operation-FY88 actual expenditures were \$296,573. The recommended budget includes \$5,127 in FY90 and \$4,759 in FY91 for Central Services Division indirect/administrative costs. A Montana Coal Board grant to the Eastern Coal Counties Task Force supports this budget.

The 1987 Legislature authorized the establishment of the Special Investigation West activity dependent upon the availability of federal funds. 8.75 FTE were authorized for FY88 and 10.00 FTE for FY89. 10.00 FTE will continue into the 1991 biennium.

FY88 actual operating expenses of \$392,301 for the West activity represent eight months of operations. Time was needed to recruit, interview, and hire staff; acquire equipment; and rent office space. The FY90 and FY91 recommended budgets reflect projected 12 month operations. Indirect/administrative costs for the Central Services Division of \$8,349 for FY90 and \$7,837 for FY91 are included in the request. The equipment request includes \$9,000 each year for a used car, \$8,565 in FY90 for one mobile radio and two portable radios with scramblers, and \$13,500 in FY91 for two portable radios with scramblers and a telephone decoder. The proposed budget is supported with federal anti-drug enforcement funds of \$350,746 in FY90 and \$354,820 in FY91, that the agency received through a grant from the Board of Crime Control. The federal funds require a 25% match. Motor Vehicle Account funds of \$125,827 for FY90 and \$126,830 in FY91 are recommended for the match.

A 2% vacancy savings rate is recommended for program.

CENTRAL SERVICES DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	9.15	9.15	9.15	9.15
Personal Services	266,697.60	259,926	265,773	266,395
Operating Expenses	114,161.83	90,008	108,624	82,333
Equipment	4,183.45	11,000	3,600	0
Total Program Costs	\$385,042.88	\$360,934	\$377,997	\$348,728
General Fund	358,759.75	345,190	0	0
State Special Revenue Fund	25,790.13	14,062	0	0
Federal & Other Spec Rev Fund	0.00	1,597	0	0
Proprietary Fund	493.00	85	377,997	348,728
Total Funding Costs	\$385,042.88	\$360,934	\$377,997	\$348,728
Current Level Services	385,042.88	360,934	377,997	348,728
Total Service Costs	\$385,042.88	\$360,934	\$377,997	\$348,728

Program Description

The Central Services Division provides the administrative, budgetary, accounting, and fiscal support for the Department of Justice.

Budget Issues

The proposed budget allows the program to maintain its current level of operations.

A vacancy savings rate of 1.61% is recommended, the actual rate experienced in FY88.

The funding for this program in prior fiscal years was 100% general fund. It is recommended that a proprietary account be established and the costs of the program be allocated to the 21 programs receiving services. An estimated \$294,000 in FY90 and \$272,000 in FY91 of general fund could be saved.

DATA PROCESSING DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	15.00	15.00	15.00	15.00
Personal Services	409,662.45	413,414	416,083	416,916
Operating Expenses	455,290.44	472,589	492,874	494,915
Equipment	12,306.43	2,500	70,000	0
Total Program Costs	\$877,259.32	\$888,503	\$978,957	\$911,831
State Special Revenue Fund	877,259.32	888,503	978,957	911,831
Total Funding Costs	\$877,259.32	\$888,503	\$978,957	\$911,831
Current Level Services	877,259.32	888,503	978,957	911,831
Total Service Costs	\$877,259.32	\$888,503	\$978,957	\$911,831

Program Description

The Data Processing Program provides a full range of automated data processing and telecommunication services for the Department of Justice including: system development and maintenance of the motor vehicle registration system, driver history system, criminal history record information system, and Montana Uniform Crime Report; computer operator support for the Armory computer center; and system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state and national levels by interfacing with the National Law Enforcement Telecommunications System (NLETS), the National Crime Information Center (NCIC) and numerous State of Montana files.

Budget Issues

One FTE was transferred from the Highway Patrol program in FY88 to assist with the Criminal Justice Information Network (CJIN). The position is supported with CJIN funds moved from contracted services to personal services. The position will continue into the 1991 biennium.

Operating expenses increase by approximately \$37,600 in FY90 and \$39,600 in FY91 over FY88 actual. The differences are due to networking cost increases of \$9,000 in FY90 and \$12,600 in FY91 that would allow five new agencies to connect to CJIN in the first year of the biennium and two additional in the second year; \$7,450 increase in ISD subscription fees each year; \$2,400 increase in user fees for the National Law Enforcement Telecommunications System annually; electricity inflation of \$2,542 in FY90 and \$3,516 in FY91; and indirect/administrative costs for Central Services Division of \$17,152 in FY90 and \$14,838 in FY91.

The equipment request of \$70,000 in FY90 will allow the program to replace 25 printers and 25 terminal servicing the CJIN system.

A vacancy savings rate of 2% is being recommended for this program.

The program is supported with \$188,000 each year of CJIN state special funds (user fees) and the balance is supported with Motor Vehicle Account funds.

EXTRADITION & TRANSP PRISONERS
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	146,855.39	147,337	149,621	149,432
Total Program Costs	\$146,855.39	\$147,337	\$149,621	\$149,432
General Fund	146,855.39	147,337	149,621	149,432
Total Funding Costs	\$146,855.39	\$147,337	\$149,621	\$149,432
Current Level Services	146,855.39	147,337	149,621	149,432
Total Service Costs	\$146,855.39	\$147,337	\$149,621	\$149,432

Program Description

The Extradition and Transportation of Prisoners program reviews and processes claims to reimburse sheriffs for expenses of extraditing criminals, and transporting prisoners to state prison.

Budget Issues

The proposed budget allows the program to maintain its current level of operation. Central Services Division indirect/administrative costs of \$2,621 in FY90 and \$2,432 in FY91 are included in the budget request.

FORENSIC SCIENCE DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	15.00	15.00	15.00	15.00
Personal Services	382,586.08	496,954	495,654	496,855
Operating Expenses	310,931.00	275,646	266,432	267,025
Equipment	63,117.10	134	33,652	25,000
Total Program Costs	\$756,634.18	\$772,734	\$795,738	\$788,880
State Special Revenue Fund	755,974.18	772,734	795,738	788,880
Federal & Other Spec Rev Fund	660.00	0	0	0
Total Funding Costs	\$756,634.18	\$772,734	\$795,738	\$788,880
Current Level Services	718,108.18	772,734	795,738	788,880
Modified Level Services	38,526.00	0	0	0
Total Service Costs	\$756,634.18	\$772,734	\$795,738	\$788,880

Program Description

The Forensic Science program, which includes the Laboratory of Criminalistics and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, and scientific criminal analysis. The program provides for the determination of the cause of death in certain cases and the scientific examination of specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, and body fluids and tissues. The laboratory also analyzes blood, breath, and urine samples in connection with Driving Under the Influence of Alcohol or Drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments, and confirmation screen for the state Department of Institutions.

Budget Issues

During FY88 the department contracted for an acting part-time State Medical Examiner at a cost of \$44,000, until a

permanent full-time State Medical Examiner could be hired. The contract cost was considered a one time cost of FY88 and not continued into the 1991 biennium, nor was a \$7,500 contract for an independent study of the division's operations.

The FY90 and FY91 budget request includes travel costs adjusted back to FY88 and FY89 budgeted level, indirect/administrative costs for Central Services Division of \$13,941 and \$12,837 respectively, equipment requests for an automobile in FY90 and \$25,000 each year for laboratory equipment.

A vacancy savings rate of 2% is recommended for this program.

The program is supported with Alcoholism Treatment-Rehabilitation Account funds and Motor Vehicle Account funds. Alcoholism Treatment contributes \$183,242 in FY90 and \$180,769 in FY91 while Motor Vehicle contributes \$612,496 in FY90 and \$608,111 in FY91.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	46.00	46.00	46.00	46.00
Personal Services	1,311,518.46	1,359,144	1,379,924	1,381,649
Operating Expenses	314,657.93	361,451	338,055	294,199
Equipment	46,950.40	22,705	18,273	25,458
Capital Outlay	15,000.00	0	0	0
Total Agency Costs	\$1,688,126.79	\$1,743,300	\$1,736,252	\$1,701,306
General Fund	1,645,493.80	1,693,166	1,690,450	1,657,004
Federal & Other Spec Rev Fund	27,946.00	35,134	25,802	24,302
Proprietary Fund	14,686.99	15,000	20,000	20,000
Total Funding Costs	\$1,688,126.79	\$1,743,300	\$1,736,252	\$1,701,306
Current Level Services	1,670,764.79	1,743,300	1,706,252	1,701,306
Modified Level Services	17,362.00	0	30,000	0
Total Service Costs	\$1,688,126.79	\$1,743,300	\$1,736,252	\$1,701,306

Agency Description

The purpose of the Department of Public Service Regulation is to regulate the public utility, motor carrier, and railroad industries to provide safe, reliable, and adequate services at the lowest achievable cost to the consumers while concurrently providing the regulated industries with a fair and reasonable return on their investment for the services rendered. The department is provided for in sections 2-15-2601 and 69-1-102, MCA. The department operates under one program — Public Service Commission.

Budget Issues

The 46.00 FTE authorized in FY88 are maintained in the 1991 biennium. Personal services costs increase due to positions being vacant in the base year, a lower vacancy savings rate for the 1991 biennium and three positions being upgraded by the agency. Compensation includes salaries and benefits of the five elected officials budgeted at \$210,908 in FY90 and \$211,028 in FY91. The vacancy savings rate is 2%.

Current-level operating expenses increase 1.7% from FY88 to FY90 and decrease 2.8% from FY88 to FY91. In FY90 there is \$13,836 for audit costs and \$30,000 for a biennial modification, which is described below. Most expenditures are budgeted at current level with inflation. There are increases for fixed costs, including a rent adjustment of \$2,617 in FY90 and \$119 more in FY91. Travel decreases by \$3,304 from FY88 to FY90 because the agency will host the 1990 Western Regional Conference. Consultant services decrease from FY88 by \$866 each year of the 1991 biennium because the costs for expert witnesses and technical services are included in the line-item modification.

Equipment is \$18,273 in FY90 and includes \$10,246 to replace a high-mileage vehicle, \$4,957 for a microcomputer

and hardware, \$1,000 for software, and \$2,070 for office bookcases, file cabinets and chairs. Equipment is \$24,458 in FY91 and includes \$23,000 for System/36 memory upgrade, \$1,900 for microcomputer memory boards and software, and \$558 for an office chair and bookcase.

The 1987 Legislature approved HB583 requested by the department to continue funding the agency by fees levied on regulated companies and to provide for the distribution of these fees through the general fund. For FY90, general fund for the department increases over FY88 by 2% without the modification and by 3.8% with the modification.

Federal funds from the U. S. Transportation Department are changing and include for the 1991 biennium only the Natural Gas Pipeline Safety Program revenue at \$25,802 in FY90 and \$24,302 in FY91. No federal funds are anticipated for the Railroad Safety Program, which received \$4,884 in FY88.

The proprietary funds are revenues the state receives from out-of-state utilities for reimbursable auditing expenses and the fees increase from \$14,687 in FY88 to \$20,000 each year of the 1991 biennium.

Modification Request

Contract Services - A biennial line-item appropriation of \$30,000 is recommended for the following types of specialized contract services: expert witnesses, National Association of Regulatory Utilities Commissioners professional services, data analysis of MPC natural gas pipeline monitoring, issue development in cases where the Montana Consumer Counsel is unable or declines to hire consultants for certain proceedings and consultants to assist in representing the interests of Montana ratepayers before federal regulatory bodies. The PSC would provide a report to the 1991 Legislature on the purposes and amounts expended. The modification is 100% general fund.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	5.00	5.00	4.00	4.00
Personal Services	130,912.65	141,918	117,387	117,491
Operating Expenses	74,934.62	62,130	56,099	48,155
Equipment	3,318.00	0	0	0
Total Agency Costs	\$209,165.27	\$204,048	\$173,486	\$165,646
General Fund	163,176.20	144,016	125,282	117,423
State Special Revenue Fund	41,021.54	50,000	48,204	48,223
Federal & Other Spec Rev Fund	4,967.53	10,032	0	0
Total Funding Costs	\$209,165.27	\$204,048	\$173,486	\$165,646
Current Level Services	145,889.53	204,048	153,897	151,666
Modified Level Services	63,275.74	0	19,589	13,980
Total Service Costs	\$209,165.27	\$204,048	\$173,486	\$165,646

Agency Description

The Board of Public Education, created by Article X, Section 9 of the 1972 Montana Constitution, consists of seven voting members appointed by the Governor and confirmed by the Senate. The board is charged with exercising "general supervision over the public school system." The board is also designated by statute as the governing board of the Montana School for the Deaf and Blind and the Montana Fire Services Training School. Together with the Board of Regents, the board does the general planning, coordinating and evaluation of the state's educational system. (Title 20, Chapter 2, MCA).

The Board accredits all schools, certifies all teachers, adopts policies for special education and for gifted and talented programs, adopts rules for student assessment, approves or disapproves alternatives in a school's day or week, adopts policies and approval procedures for pupil-instruction related days, adopts rules for equivalency of completion of secondary education, and administers and orders the distribution of state equalization aid. Further, the Board of

Public Education sets standards for school buses and drivers, prescribes criteria for the establishment of transportation service areas and prescribes additional criteria for the determination of the residence of a pupil. The Board's accreditation standards are the basis for eligibility for local school districts to receive state funds. Also, the Board hears cases regarding denial, suspension and revocation of teacher certificates and reviews teacher education programs leading to interstate reciprocity.

Board staff administers Board meetings, researches policy, collects reports and reviews and writes policy for consistency with statutes and rules, formats new or amended rules appropriately for the administrative codes, writes findings of fact and conclusions of law and order, keeps records of the Board's actions, provides testimony to the Legislature, determines fiscal notes for any changes in standards which impact local schools, and maintains liaison with the Superintendent of Public Instruction, the Commissioner of Higher Education, professional organizations and the public at large.

ADMINISTRATION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	3.00	3.00	2.00	2.00
Personal Services	98,724.39	98,863	74,477	74,555
Operating Expenses	68,720.34	55,185	50,805	42,868
Equipment	699.00	0	0	0
Total Program Costs	\$168,143.73	\$154,048	\$125,282	\$117,423
General Fund	163,176.20	144,016	125,282	117,423
Federal & Other Spec Rev Fund	4,967.53	10,032	0	0
Total Funding Costs	\$168,143.73	\$154,048	\$125,282	\$117,423
Current Level Services	104,867.99	154,048	105,693	103,443
Modified Level Services	63,275.74	0	19,589	13,980
Total Service Costs	\$168,143.73	\$154,048	\$125,282	\$117,423

Program Description

The staff of the Administration program provide administrative, research, clerical functions and management of business affairs for all programs under the purview of the Board of Public Education.

Budget Issues

The recommended budget for the Board of Public Education decreases in FY90-91. \$58,308 in expenses associated with a one time biennial appropriation for an interim study of accreditation standards was subtracted out of the FY88 base. Included in these costs was a temporary 1.00 FTE. Also, continuing budget authority was granted through the budget amendment process in FY88 for a \$15,000 grant awarded by the National Governors' Association (NGA) to the board to develop compliance and assessment measures for Project Excellence. \$4,968 of this grant was spent in FY88, with the rest to be spent in FY89. This grant is not expected to be available in FY90-91. Contracted services increases due to the fact that the board was named as a defendant in the under-funded schools lawsuit brought against the state. As a result of this lawsuit, increased legal counsel is necessary in FY90-91 regardless of the final outcome. A 1.59% vacancy

savings rate was applied against this budget. With the exception of the one-time appropriation for the NGA grant, funding for the board is provided through the general fund.

Modification Request

Operations Upgrade - This modification would assist the board in more fully meeting its constitutional and legal responsibilities by allowing a minimum of two more board meetings a year. It would also provide a test analysis of the National Teachers' Examination of Montana Examinees and would allow the board to become a member of the National Association of State Boards of Education (NASBE). Funding of \$13,980 each year of the biennium would be provided through the general fund.

MPE Implementation - In the FY88-89 biennium, the board was given a one-time appropriation in order to assess and update the current accreditation standards. This task was named Project Excellence. In order to ensure successful implementation of Project Excellence, the appropriateness of compliance measures needs to be monitored, adjustments made, and technical assistance provided. This modification request would allow the board to seek a matching grant to achieve these goals. Funding of \$5,609 in FY90 only would be provided through the general fund.

**ADVISORY COUNCIL
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	32,188.26	43,055	42,910	42,936
Operating Expenses	6,214.28	6,945	5,294	5,287
Equipment	2,619.00	0	0	0
Total Program Costs	\$41,021.54	\$50,000	\$48,204	\$48,223
State Special Revenue Fund	41,021.54	50,000	48,204	48,223
Total Funding Costs	\$41,021.54	\$50,000	\$48,204	\$48,223
Current Level Services	41,021.54	50,000	48,204	48,223
Total Service Costs	\$41,021.54	\$50,000	\$48,204	\$48,223

Program Description

The Certification Standards and Practices Advisory Council to the Board of Public Education was created by the Fiftieth Legislature. The council consists of seven members appointed by the Board; these include one elementary teacher, one secondary teacher, one specialist, one teacher from any of the first three categories, one faculty member from an approved teacher education program of a Montana college or university, one school administrator and one school trustee.

It is the responsibility of the Council to study and make recommendations to the Board in the following areas: teacher, administrator and specialist certification standards, including precertification training and education requirements and certification renewal requirements and procedures; the status and efficacy of approved teacher education programs in Montana; the feasibility of establishing standards of professional practices and ethical conduct; and policies relating to the denial, suspension, and revocation of teaching certification and the appeals process. The Council is to submit an annual report in writing with its recommendations in the above areas to the Board of Public Education.

The Board staff provides administrative, research and clerical duties to the council. It keeps records of the Council's action and maintains liaison with the Board of Public Education, Superintendent of Public Instruction, Commissioner

of Higher Education, professional organizations and the public at large for the Council.

Budget Issues

20-4-109 MCA states that 50% of all fees received from the issuance or renewal of teacher or specialist certificates is statutorily appropriated to the board of public education for expenses of the Certification Standards and Practices Advisory Council created in 2-15-1522 MCA. The remaining 50% of fees are deposited in the state's general fund. As can be seen from the data in Table 1, the collection of these fees is expected to generate \$48,204 in FY90 and \$48,223 in FY91. However, the board has indicated it will seek to amend 20-4-109 MCA to increase by \$1 the current \$4 fee charged for issuance or renewal of the certificates in order to meet the necessary expenses of the council. When the fees were increased last session, the amount of the increase was based on income from certification in FY86. That was an abnormal year to base income projections on because the board enacted the pre-certification requirement for successful passage of the National Teachers' Exam (NTE). If teachers or specialists were not certified by July 1 of 1986, they would be required to take the NTE. Accordingly, many more professionals renewed or applied for certification that year to meet the July 1 deadline. Obviously, such a high volume of certification applications could not be sustained past FY86. Therefore, according to the board, if the council is to meet its legislative responsibilities, a fee increase of \$1 is necessary.

Board of Public Education Table 1
Actual & Projected Fee Collection From Teacher & Specialist Certificates
Fiscal 1988 Through Fiscal 1991

	FY88	FY89	FY90	FY91
Collections	\$90,658	\$90,000	\$96,408	\$96,446
Less:				
50% to General Fund	45,329	45,000	48,204	48,223
Amount Remitted To Board	\$45,329	\$45,000	\$48,204	\$48,223

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	35.91	44.78	61.00	61.00
Personal Services	1,017,766.57	1,328,269	1,649,350	1,651,397
Operating Expenses	1,569,080.27	1,751,195	1,465,694	1,285,385
Equipment	71,439.80	59,000	63,986	25,407
Local Assistance	3,105,742.12	3,103,798	3,089,417	3,138,388
Grants	5,957,214.44	6,952,373	6,284,857	6,412,385
Benefits and Claims	7,618,332.86	8,731,800	9,100,000	10,400,000
Transfers	104,858,215.92	105,961,654	105,896,337	105,958,091
Total Agency Costs	\$124,197,791.98	\$127,888,089	\$127,549,641	\$128,871,053
General Fund	96,807,139.34	96,499,892	97,278,067	97,509,839
State Special Revenue Fund	14,631,961.01	14,088,623	13,597,000	13,583,000
Federal & Other Spec Rev Fund	4,736,220.66	8,094,236	7,198,179	7,001,817
Proprietary Fund	8,022,470.97	9,205,338	9,476,395	10,776,397
Total Funding Costs	\$124,197,791.98	\$127,888,089	\$127,549,641	\$128,871,053
Current Level Services	123,640,856.18	124,477,495	126,551,214	127,898,698
Modified Level Services	556,935.80	3,410,594	998,427	972,355
Total Service Costs	\$124,197,791.98	\$127,888,089	\$127,549,641	\$128,871,053

Agency Description

The Commissioner of Higher Education is the chief administrative officer of the Montana University System. Article X, Section 9 of the Montana Constitution provides that the regents appoint the Commissioner and prescribe the powers and duties of the office. The Commissioner's responsibilities include the following: academic planning and curriculum review, budgetary planning and control, provision of legal services to campuses, facilities planning, establishment of labor negotiation policies and procedures, and coordination of community colleges and vocational technical centers in accordance with state law and regent policies. The Commissioner also administers programs pertaining to student aid.

Budget Issues

During FY88 and the first half of FY89 there have been significant changes in the Commissioner's office due to action taken during the 1988 legislative session. HB39 transferred the governance of the Vo-Techs to the Board of Regents from the Superintendent of Public Instruction and desig-

nated the Board as the sole state agency for federal vocational education requirements. The Vo-Tech Administration Program was instituted to provide the administrative service necessary to enable the Board to carry out these tasks. The program is fully staffed and functional.

The Commissioner's office was given responsibility to transfer funds to the Vo-Tech centers.

Many of the Commissioner's staff have been active participants in the legislatively mandated study of funding for the university system.

The Montana University System Group Insurance Program was transferred during the last legislative session into the Commissioner's office. This program is also fully staffed and functional.

The Guaranteed Student Loan Program did contract for the servicing of student loans. In 1988, GSL began processing their own loans rather than relying on contracted help. Consequently, the overall makeup of this program has changed. A modification is contained in the agency budget request which will enable the GSL program to complete this change.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	14.40	14.40	14.40	14.40
Personal Services	510,084.67	570,209	578,827	579,910
Operating Expenses	260,312.35	216,913	276,911	261,539
Equipment	6,492.63	0	320	320
Total Program Costs	\$776,889.65	\$787,122	\$856,058	\$841,769
General Fund	776,889.65	787,122	856,058	841,769
Total Funding Costs	\$776,889.65	\$787,122	\$856,058	\$841,769
Current Level Services	774,410.38	787,122	856,058	841,769
Modified Level Services	2,479.27	0	0	0
Total Service Costs	\$776,889.65	\$787,122	\$856,058	\$841,769

Program Description

The staff of the Administration program: provide academic planning and curriculum review; make budgetary recommendations and provide for budgetary review; perform facilities planning and make recommendations; set policies and procedures relating to labor negotiations; maintain and provide legal services for the campuses; coordinate community colleges in accordance with state law and regent policies; and promulgate and review management information systems, including accounting.

Budget Issues

The Administration Program for the Commissioner of Higher Education was authorized 14.40 FTE in each year of the FY89 biennium. This same level of FTE is requested in the FY91 biennium. The recommended level of funding for personal services increases \$68,743 from FY88 to FY90 and

\$69,826 from FY90 to FY91 largely due to full staffing and two upgrades. A 2% vacancy savings rate was applied.

Operating costs increase \$16,599 from FY88 to FY90 and \$2,956 from FY88 to FY91, due to a combination of increases including, insurance and bonds, audit costs, postage and mailing, rent charged to CHE from Montana Higher Education Student Assistance Corporation (MHESAC), as well as MHESAC computer maintenance charges. Decreases are seen in advertising costs, zero expenditures for telephone add, moves and change, travel, and relocation and job candidate expenses.

\$320 is recommended each year for software.

Overall, the recommended budget will increase the FY90 budget \$79,169 from actual FY88 and increases the FY91 budget \$64,880 from actual FY88.

Funding for the Administration Program is entirely general fund.

STUDENT ASSISTANCE PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	59,000.00	62,000	65,100	68,400
Grants	4,550,293.00	4,467,176	4,356,650	4,481,125
Total Program Costs	\$4,609,293.00	\$4,529,176	\$4,421,750	\$4,549,525
General Fund	3,671,125.00	3,996,510	3,838,022	3,967,797
State Special Revenue Fund	683,164.00	254,329	281,000	279,000
Federal & Other Spec Rev Fund	255,004.00	278,337	302,728	302,728
Total Funding Costs	\$4,609,293.00	\$4,529,176	\$4,421,750	\$4,549,525
Current Level Services	4,609,293.00	4,510,839	4,421,750	4,549,525
Modified Level Services	0.00	18,337	0	0
Total Service Costs	\$4,609,293.00	\$4,529,176	\$4,421,750	\$4,549,525

Program Description

The Student Assistance Program consists of: the Western Interstate Commission on Higher Education (WICHE) Student Exchange Program which provides education oppor-

tunities for Montana students in the fields of medicine, dentistry, veterinary medicine, optometry, public health, occupational therapy, podiatry; the Washington, Alaska, Montana, Idaho (WAMI) program - a cooperative agreement for medical education; the cooperative dental education

agreement with the University of Minnesota; the State Student Incentive Grant (SSIG) program which provides loan funds to needy students - 50% from federal funds and 50% matching state funds; the National Direct Student Loan (NDSL) program which provides loan funds to students by the schools matching a basic amount appropriated by the legislature; and the state's share of Montana's Workstudy Program (Title 20, chapter 25, part 7, MCA).

Budget Issues

The Student Assistance Program houses local assistance and grants to support the WICHE and WAMI program, Perkins Loan Fund (formerly NDSL), Work Study, and the Teachers Scholarship program. Local assistance funds are used to funds WICHE dues which increase to \$65,100 in FY90 and \$68,400 in FY91. The State Student Incentive Grant, is estimated to increase approximately \$10,000 from the FY88 level and requires a dollar for dollar match of state funds. A significant change in funding occurs as a result of the lower coal tax funds available for usage in this program. Coal tax is reduced \$402,164 from FY88 to FY90 and \$404,164

from FY88 to FY91. The executive budget request represents a general fund increase to offset this reduction.

There was a \$35,000 general fund appropriation added to the WAMI appropriation in FY88 to support and recruit family practice doctors to Montana. This funding did not extend beyond FY88 and is not recommended to be included into the 1991 biennium. The Perkins Loan Funds (NDSL) amounting to \$55,000 per year are requested to support outstanding high school students who wish to pursue teaching careers. The funds provide the 1/9 institutional match necessary at each unit. An estimated \$220,000 of federal SSIG funds and an estimated \$82,728 of Paul Douglas Scholarship funds represent the federal funds appropriated in this program for the student assistance program. The number of slots listed below for work study represent the total estimated students participating in the program and not just those that are supported through the general fund.

Table 1 lists the slots and funding for FY90 and FY91. The level of slots reflect the appropriated FY89 level.

Commissioner Of Higher Education Table 1
Requested Slots and Funding
Fiscal 1990-1991

Program	FY90 Funding	FY90 Slots	FY91 Funding	FY91 Slots
WICHE	\$1,594,400	103	\$1,623,267	103
Admin	65,100	0	68,400	0
WAMI	2,057,872	60	2,152,280	60
Family Prac.	0	0	0	0
MRD	70,200	6	71,400	6
SSIG Match	220,000	1,680	220,000	1,680
NDSL Match	55,000	0	55,000	0
Work Study	276,450	609	276,450	609
Paul Douglas	82,728	0	82,728	0
Total	\$4,421,750		\$4,549,525	

ED. FOR ECON. SECURITY GRANT Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	175.60	1,364	1,576	1,576
Grants	115,423.35	160,197	159,985	159,985
Total Program Costs	\$115,598.95	\$161,561	\$161,561	\$161,561
Federal & Other Spec Rev Fund	115,598.95	161,561	161,561	161,561
Total Funding Costs	\$115,598.95	\$161,561	\$161,561	\$161,561
Current Level Services	58,000.00	58,000	161,561	161,561
Modified Level Services	57,598.95	103,561	0	0
Total Service Costs	\$115,598.95	\$161,561	\$161,561	\$161,561

Program Description

The federal Education for Economic Security Act provides funds to be used to upgrade the teaching skills of teachers in the mathematics and science disciplines. Grants are awarded

to all institutions of higher education within the state on a competitive basis. Priorities for the grants are:

1. Inservice training for elementary, secondary and vocational school teachers to improve their teaching skills in the fields of mathematics and science.

2. Retraining teachers who are currently teaching without proper certification in mathematics and science.
3. Retraining teachers who are currently teaching in other disciplines so they will specialize in teaching mathematics and science.
4. Traineeship programs for new teachers who will specialize in mathematics and science.

Budget Issues

This federally funded program was first introduced to the Montana University System in FY86. The intent of the program is to provide grants which fund the training necessary to upgrade current teachers in the mathematic and science

area. Grants are awarded on a competitive basis at each of the units.

The Education for Economic Security Grant (EESA) allows up to 5% for grant administration. The recommended budget includes \$1,500 to hire qualified individuals to read and evaluate EESA grant submissions. The grants would then be awarded to the various units based on the rating established by these independent readers. The budget assumes 5 readers at \$300 each for reading and associated expenses.

Funding for the program increased through budget amendment in FY88 from the appropriated \$58,000 to \$115,599. Federal funds are again estimated to increase in FY90 and FY91 to the recommended \$161,561 each fiscal year.

COMMUNITY COLLEGE ASSISTANCE Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	3,046,742.12	3,041,798	3,024,317	3,069,988
Total Program Costs	\$3,046,742.12	\$3,041,798	\$3,024,317	\$3,069,988
General Fund	3,046,742.12	3,041,798	3,024,317	3,069,988
Total Funding Costs	\$3,046,742.12	\$3,041,798	\$3,024,317	\$3,069,988
Current Level Services	3,046,742.12	3,041,798	3,024,317	3,069,988
Total Service Costs	\$3,046,742.12	\$3,041,798	\$3,024,317	\$3,069,988

Program Description

The Community College Program distributes funds appropriated by the legislature for the support of Montana's three community colleges: Miles City Community College, Flathead Valley Community College, and Dawson Community College. The 1981 Legislature implemented a funding formula developed by the Legislative Finance Committee, which is addressed in sections 20-15-310 and 20-15-312, MCA.

Budget Issues

The total current unrestricted funding for the three community colleges is calculated on a cost per student FTE times the projected FTE student enrollment for the given year. A legislatively set percentage of this total unrestricted funding

is supported by general fund. Other funding is derived from tuition and fees and the mandatory levy.

The cost per student used for the recommended budget is based on the FY88 level of support (\$3,622), plus inflation, for each year of the 1991 biennium. The recommended support per student is \$3,642 in FY90 and \$3,697 in FY91. Student FTE enrollment is based on an average of FY87 and FY88 actual enrollment. General fund support for the 1989 biennium was established at forty-eight percent and this same level of support is recommended for each year of the 1991 biennium. \$20,000 in audit support is included in each college's FY91 budget with forty-eight percent being general fund supported.

The distribution of student FTE, total unrestricted budget and recommended general fund support for each community college is shown in Table 2.

Commissioner Of Higher Education Table 2
Community College - Recommended Support
Fiscal 1990-1991

College	FY90 FTE	FY90 Total Budget	FY90 General Fund	FY91 FTE	FY91 Total Budget	FY91 General Fund
Dawson	390	\$1,420,380	\$681,782	390	\$1,441,830	\$692,078
FVCC	936	3,408,912	1,636,278	936	3,460,392	1,660,988
Miles	404	1,471,368	706,257	404	1,493,588	716,922
Total	1730	\$6,300,660	\$3,024,317	1730	\$6,395,810	\$3,069,988

MUS GROUP INSURANCE PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	2.50	2.50	2.50	2.50
Personal Services	64,165.31	74,429	68,356	68,420
Operating Expenses	338,798.62	399,109	308,039	307,977
Equipment	1,174.18	0	0	0
Benefits and Claims	7,618,332.86	8,731,800	9,100,000	10,400,000
Total Program Costs	\$8,022,470.97	\$9,205,338	\$9,476,395	\$10,776,397
Proprietary Fund	8,022,470.97	9,205,338	9,476,395	10,776,397
Total Funding Costs	\$8,022,470.97	\$9,205,338	\$9,476,395	\$10,776,397
Current Level Services	8,022,470.97	9,205,338	9,476,395	10,776,397
Total Service Costs	\$8,022,470.97	\$9,205,338	\$9,476,395	\$10,776,397

Program Description

The Montana University System Group Insurance program provides a partially self-insured insurance plan for university system employees, including all authorized affiliated group employees. Creation of the plan was authorized by the Board of Regents in June, 1984.

Budget Issues

This program, which began in 1984, was first housed in an auxiliary account at the Montana College of Mineral Sciences and Technology. Through budget amendment, the auxiliary account was moved into a proprietary fund account within the Commissioner's office in FY87.

The program provides a partially self-insured insurance plan for Montana University System employees. 2.50 FTE were

authorized for FY88. No change in this staffing level is requested for FY90 or FY91. A two percent vacancy saving rate is utilized.

Operating costs decrease by approximately \$38,000 in contract services, with the bulk of this decrease in consulting and laboratory testing. There is also a decrease in travel costs, with a recommended reduction of \$2,176 in FY90 from actual FY88. No funding is requested for maintenance or equipment.

An increase of \$10,880 is recommended in the campus wellness program. The CHE is stressing the importance of this program to employees and hoping that the interest in preventative health care will increase.

Funding for this program is entirely from the group health insurance premium fund.

TALENT SEARCH
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	6.00	6.00	6.15	6.15
Personal Services	130,368.59	121,731	123,361	123,428
Operating Expenses	38,735.81	51,886	43,495	45,702
Total Program Costs	\$169,104.40	\$173,617	\$166,856	\$169,130
Federal & Other Spec Rev Fund	169,104.40	173,617	166,856	169,130
Total Funding Costs	\$169,104.40	\$173,617	\$166,856	\$169,130
Current Level Services	169,104.40	173,617	166,856	169,130
Total Service Costs	\$169,104.40	\$173,617	\$166,856	\$169,130

Program Description

Talent Search is a federally funded program to provide career and financial aid counseling to students who are either low-income, physically handicapped, or culturally deprived. The program's objectives are to decrease the high school dropout rate in targeted high schools and to increase enrollment of disadvantaged students in Montana's post-secondary institutions.

Budget Issues

Actual personal services expenditures for FY88 were \$130,369. The appropriated funding for personal services for FY88 was \$121,822. Nevertheless, the total actual expenditure for the entire program in FY88 was \$5,250 less than the appropriated level. The requested FTE level for the 1991 biennium is 6.15, consisting of 2.00 FTE working in Helena and 5 target area coordinator FTE each working at 0.83 FTE. (Modification to the coordinators work time resulted in the addition of 0.15 FTE from the FY88 staffing

level.) A two percent vacancy savings was applied to this program.

Operating costs are recommended to increase by approximately \$4,785 in FY90 from FY88 in the contract services area. Funding will be used to contract with three consultants to provide training to coordinators. CHE also allocated \$1,713 of its insurance charge from the Tort Claims Division to the Talent Search program in FY91. \$1,500 of CHE's audit costs are also allocated to this program in FY90. Additionally, MHESAC is charging the Talent Search

Program \$100 per month in computer charges, or \$1,200 per year for this purpose. The other significant increase to this program is for rental space. It is anticipated that the Talent Search Program will have to render its current space back to MHESAC in FY91 and will need new space. \$4,000 is requested for rent in FY91.

The program assumes indirect cost at eight percent for administrative costs.

Funding is entirely from federal sources.

VO-TECH APPROP. DISTRIB. Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	6,816,102.86	6,693,710	7,483,600	7,491,135
Total Program Costs	\$6,816,102.86	\$6,693,710	\$7,483,600	\$7,491,135
General Fund	5,010,030.97	5,077,942	5,889,126	5,887,661
State Special Revenue Fund	1,005,939.03	808,294	787,000	796,000
Federal & Other Spec Rev Fund	800,132.86	807,474	807,474	807,474
Total Funding Costs	\$6,816,102.86	\$6,693,710	\$7,483,600	\$7,491,135
Current Level Services	6,816,102.86	6,693,710	7,483,600	7,491,135
Total Service Costs	\$6,816,102.86	\$6,693,710	\$7,483,600	\$7,491,135

Program Description

This program serves as the vehicle for transfer of state general fund, Carl Perkins federal funds, state millage and coal trust interest earnings appropriations to the vocational technical centers.

Budget Issues

Under the direction of HB2, "the office of budget and program planning may establish transfer appropriations for

vocational technical centers and university units within the appropriate agency distribution program. This provision is to allow compliance with proper accounting of current unrestricted operations using the CUBA fund structure at individual units of education." It is assumed that this direction will continue into the 1991 biennium.

Please refer to the Vo-Tech Center narrative for a breakout of State appropriated support by funding source.

VO-TECH ADMIN. Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	144,167.73	167,635	183,371	183,632
Operating Expenses	25,508.56	114,695	28,635	28,761
Equipment	8,860.95	4,000	6,579	0
Grants	1,291,498.09	2,325,000	1,768,222	1,771,275
Transfers	867,363.08	2,738,589	2,288,088	2,288,088
Total Program Costs	\$2,337,398.41	\$5,349,919	\$4,274,895	\$4,271,756
General Fund	70,459.60	93,165	74,895	71,756
Federal & Other Spec Rev Fund	2,266,938.81	5,256,754	4,200,000	4,200,000
Total Funding Costs	\$2,337,398.41	\$5,349,919	\$4,274,895	\$4,271,756
Current Level Services	2,337,398.41	2,571,330	4,274,895	4,271,756
Modified Level Services	0.00	2,778,589	0	0
Total Service Costs	\$2,337,398.41	\$5,349,919	\$4,274,895	\$4,271,756

Program Description

The 50th Legislature transferred governance of the vocational technical centers to the Board of Regents from the Superintendent of Public Instruction. HB39 also designates the Board of Regents as the sole state agency for federal vocational education requirements. The board shall contract with the Superintendent of Public Instruction for the administration and supervision of K-12 vocational education programs, services and activities allowed by the 1984 Carl D. Perkins Vocational Education Act. The board may contract with other agencies for the administration and supervision of other vocational education programs allowed by the same federal act. This program within the Office of the Commissioner of Higher Education contains the staff and operating costs to provide administrative service to the board to carry out Vo-Tech center governance activities. It also includes the grant allocations.

Budget Issues

Through HB39, the last legislature transferred governance of the Vocational Technical Centers to the Board of Regents from the Superintendent of Public Instruction. HB39 also designated the Board of Regents as the sole state agency for federal vocational education requirements. The Vocational-Technical Administration program was created last biennium to provide administrative service to the Board to carry out Vo-Tech Center governance activities as well as provide a vehicle for grant allocation.

Actual expenditures in personal services for FY88 were \$23,670 less than the appropriated level. This is because the

program was not fully staffed for the entire year. The requested FTE level for FY90 and FY91 remains at the appropriated FY88 FTE level. The recommended level of funding should adequately reflect expenditures with full staffing. A two percent vacancy savings rate was applied.

The requested operating budget reflects the programs desire to contract: 1. professional readers to evaluate grant proposals, 2. consultants to assist in programmatic evaluations of the Vo-Tech Centers, 3. consultants to provide statewide marketing of Vocational-Technical education in Montana and, 4. utilization of the Federal Projects Advisory Council and the Equity Advisory Council. To contract for these services \$4,000 per year is recommended for contract services. Out of state travel is recommended to increase \$1,009 from actual FY88 and should more accurately reflect the travel needs of a full staff.

Equipment requested includes a transcriber for approximately \$658 and \$5,600 for a printer and software for the Sex Equity unit of the program.

Funding for the Vocational Technical Program consists of general fund and federal funding, with general fund recommended at \$74,895 in FY90 and \$71,756 in FY91. Federal fund support for this program is estimated at \$4,200,000 in FY90 and \$4,200,000 in FY91. Of this total, \$1,768,222 in FY90 and \$1,771,275 is allocated for grants for post-secondary education. \$2,288,088 in FY90 and in FY91 is the estimated amount to transfer to OPI for grants and administration.

APPROPRIATION DISTRIBUTION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	97,174,749.98	96,529,355	96,124,649	96,178,868
Total Program Costs	\$97,174,749.98	\$96,529,355	\$96,124,649	\$96,178,868
General Fund	84,231,892.00	83,503,355	83,595,649	83,670,868
State Special Revenue Fund	12,942,857.98	13,026,000	12,529,000	12,508,000
Total Funding Costs	\$97,174,749.98	\$96,529,355	\$96,124,649	\$96,178,868
Current Level Services	96,974,749.98	96,529,355	95,976,489	96,028,102
Modified Level Services	200,000.00	0	148,160	150,766
Total Service Costs	\$97,174,749.98	\$96,529,355	\$96,124,649	\$96,178,868

Program Description

The Distribution Program serves as the vehicle for transfer of general fund and millage appropriations to all units of the Montana University System.

Budget Issues

HB2 included the following language: "The office of budget and program planning may establish transfer appropriations for vocational-technical centers and university units within the appropriate agency distribution program. This provision is to allow compliance with proper accounting of current unrestricted operations using the CUBA fund structure at individual units of education." It is assumed that intent will remain the same in the 1991 biennium.

The general fund, six-mill levy revenues, and the CHE's portion of the accomodation tax are transferred to the units of the university system through this program. The other funds

necessary to support the units are directly appropriated through the individual units.

The millage amounts included for support of the system reflect the assumptions of the statewide taxable valuation adopted by the Governor's Revenue Estimating Advisory Council.

Please refer to the University System narrative for a breakout of the State appropriated support by funding source.

Modification Request

The 1989 legislature passed HB787 which appropriated general fund to the Board of Regents to fund the extension, by satellite, of the University of Montana's Master of Business Administration program to the Billings, Montana area in cooperation with Eastern Montana College. The executive budget includes a modified request to continue this program. \$148,160 in FY90 and \$150,766 in FY91 is included in the general fund transfer payment for this purpose.

GUARANTEED STUDENT LOAN PGM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	8.01	16.88	32.95	32.95
Personal Services	168,980.27	394,265	695,435	696,007
Operating Expenses	905,549.33	967,228	807,038	639,830
Equipment	54,912.04	55,000	57,087	25,087
Total Program Costs	\$1,129,441.64	\$1,416,493	\$1,559,560	\$1,360,924
Federal & Other Spec Rev Fund	1,129,441.64	1,416,493	1,559,560	1,360,924
Total Funding Costs	\$1,129,441.64	\$1,416,493	\$1,559,560	\$1,360,924
Current Level Services	832,584.06	906,386	709,293	539,335
Modified Level Services	296,857.58	510,107	850,267	821,589
Total Service Costs	\$1,129,441.64	\$1,416,493	\$1,559,560	\$1,360,924

Program Description

The staff of the Guaranteed Student Loan Program provide administrative coordination of the state's authorized student loan program. The program began July 1, 1980, to make improved opportunities for education available to students by guaranteeing loans from private lending institutions.

Budget Issues

During FY88, the Guaranteed Student Loan Program paid about \$556,000 to United Student Aid Funds to service guaranteed student loans. In 1988, GSL began processing their own loans rather than relying on USAF. In FY90 and FY91 the last phases of this conversion should be imple-

mented. Therefore, GSL's reliance on USAF and the related contracted service expense should decrease accordingly while personal services will increase.

The recommended current level FTE level for the 1991 biennium is consistent with the appropriated FY88 level. An increase in funding for personal services is evident from FY88 to the recommended FY90 level because of a 0.50 FTE vacant position as well as two upgrades.

Computer processing charges increase \$23,976 due to the new computer system which MHESAC purchased. The system was necessary for the program to complete its student loan processing service. The other large increase in the recommended budget is seen in rental costs which increase \$9,761 from FY88 to FY90. This is a reflection of higher rental charges for space from MHESAC to the GSL program.

The equipment request is for one WANG workstation.

Modification Request

Because of the conversion away from contracted help to self servicing, the GSL program is requesting that a budget modification be approved which will increase personal services and operating costs to a level in FY91 which should enable the GSL budget to be self-sufficient.

The modified request includes 27.00 FTE which would bring the total program to 32.95 FTE and will require approximately \$501,167 in FY90 and \$501,489 in FY91. (This level of funding includes a two percent vacancy savings factor.)

The recommended operating budget includes communication related expenses of \$13,600 and \$16,600 in FY90 and FY91. The recommended budget includes \$3,500 each year for travel as well as \$10,000 each year for repair and maintenance.

The modified budget also includes \$160,000 each year for reinsurance fees and \$100,000 each year for loan recoveries paid.

As a result of HB39 of the 1987 session, Vocational Technical Centers become the responsibility of the State of Montana on July 1, 1989. Governance of the centers is the responsibility of the Commissioner of Higher Education.

The 1987 legislature appropriated funds to the Board of Regents to make the payments to school districts for bonded indebtedness of Vo-tech buildings. The Executive Budget includes funding for those payments to the three districts which still have outstanding bonds. The general fund appropriation for the bond payments is included in the Board of Regents budget, and amounts to \$730,905 in FY90 and \$717,068 in FY91.

Formula Funding: The Executive Budget recommends continuing the Vo-techs on formula funding for the instruction and support programs for the 1991 biennium. It would be desirable to get Vo-techs on an incremental budget like other state agencies. That would require classification of Vo-tech employees and creation of an expenditure base. The Vo-techs should use the 1991 biennium to build a base that would allow them to budget incrementally in the 1993 biennium.

The Executive Budget does incrementally budget the Plant Operation and Maintenance program for each Vo-tech. FY88 actual expenditures including those made from local voted levies are available. It is necessary to budget that program incrementally to insure that inflation factors are applied to utilities and other line items inflated for all other state agencies.

Enrollment: The commissioner's office has requested that Vo-techs be budgeted based on the past two years completed enrollments. The Executive Budget endorses that approach. The complication with Vo-techs is how to account for the expenditures made by local school districts in the 89 biennium for inclusion in the formula for the 91 biennium. The Executive Budget recommends creating an expenditure per budgeted student for both the instruction and support programs based on FY88 actual expenditures. State and local school district FY88 expenditures are added together and then divided by the number of budgeted students to arrive at a FY88 cost per student. That amount is then applied to the enrollments for FY90 and FY91 for budgeting purposes.

Table 1 shows the budgeted enrollment for each Vo-tech center for FY87, FY88 and FY89. It also shows actual

enrollment for FY87 and FY88 and the average enrollment to be used in budgeting for FY90-91.

Table 1
Vo-Tech Enrollment
FY87 - FY89

	Billings		Butte		Gt. Falls	
	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted
FY87	443	511	397	415	418	423
FY88	398	490	395	405	473	416
FY89		490		405		416
FY87-88						
Average	420.5		396		445.5	

	Helena		Missoula		Total	
	Actual	Budgeted	Actual	Budgeted	Actual	Budgeted
FY87	579	660	507	596	2,344	2,605
FY88	577	658	487	586	2,330	2,555
FY89		658		586		2,555
FY87-88						
Average	578		497		2,337	

Expenditures per Student: Table 2 presents the FY88 actual and FY90 recommended expenditures per student for each of the Vo-techs. Total expenditures for the system decline because budgeted enrollment declines from 2,555 to 2,337 an 8.5% reduction. State support for Vo-techs increases by \$829,885 from FY88 to FY90 to maintain the expenditures that were supported by local voted mill levies.

The FY88 millage column in table 2 shows the amount of millage expended, a total of \$1,588,204. The five Vo-techs collected \$1,753,177 in millage revenues leaving a cash balance in the millage account. Actual expenditures, rather than revenues were used to build the formula.

Table 2
Vo-Tech Expenditures Per Student

Unit	FY88 State Support		FY88 Millage		FY88 Total Expenditures		FY90 Recommendation	
	Total Exp.	Exp. Per Student	Total Exp.	Exp. Per Student	Total Exp.	Exp. Per Student	Total Exp.	Student
Billings	\$1,687,615	\$3,444	\$ 78,332	\$160	\$ 1,765,935	\$3,604	\$1,612,313	\$3,834
Butte	1,378,791	3,491	223,383	552	1,602,168	3,956	1,529,535	3,862
Gt. Falls	1,444,793	3,473	314,725	757	1,759,515	4,230	1,780,507	3,997
Helena	2,100,932	3,193	295,248	449	2,396,175	3,642	2,080,854	3,600
Missoula	1,935,938	3,304	676,516	1,154	2,612,446	4,458	2,240,129	4,507
Total	8,548,069	3,346	1,588,204	622	10,136,240	3,967	9,243,338	3,955

Instruction: The instruction programs at all of the Vo-tech centers were treated as variable with enrollment. Expendi-

tures per budgeted student were held constant from FY88 to FY90. No vacancy savings was applied to any of the instruc-

tion programs. The 1987 session did allow \$29,783 of equipment for each center that was not budgeted on a per student basis. The executive recommendation treats all equipment expenditures in the instruction program as variable - budgeted on a per student basis.

Support: The support program portion of the budget of each Vo-tech provides for the administrative, clerical and student support staff, such as counselors and librarians. The funding formula derives a level of staffing that will be supported by the state, based on projected enrollment and the ratios of specific types of support staff to the projected enrollment for the center.

Table 3 shows the ratios of students to support staff that was adopted by the 1987 legislature and is recommended to be continued for next biennium. It also shows the number of positions that are recommended at each center based on

the enrollment in table 1. Operating expenses were budgeted at a rate of \$5,350 per support FTE in FY88. That rate is recommended to be continued in FY90-91. Both personal services and operating expenses were funded at 95% by the 1987 legislature. That funding is continued in the FY90-91 recommendation.

Because each unit used local voted mill levy funds to supplement the amount allocated by the state to the support program that amount per student needs to be added. The amount of millage per budgeted student is also shown at the bottom of table 3. Adding the millage amount to the state support formula corrects for FY88 local millage expenditures. Because audit costs are included in the FY88 base, which was used to calculate a per student millage support rate, no additional adjustment was made for FY90-91 audit costs.

Table 3
Support Staff Standards and Compensation
FY90-91 Recommendation

Position/ Compensation	Standard	Billings	Butte	Gt. Falls	Helena	Missoula	Total
Director	1 Per Center	1.00 \$54,094	1.00 \$54,094	1.00 \$54,094	1.00 \$54,094	1.00 \$54,094	5.00 \$270,470
Asst. Director	1 Per Center	1.00 54,086	1.00 54,086	1.00 54,086	1.00 54,086	1.00 54,086	5.00 270,430
Business Mgr.	1 Per Center	1.00 45,743	1.00 45,743	1.00 45,743	1.00 45,743	1.00 45,743	5.00 228,715
Counselor	1: 300 Students	1.4 47,919	1.32 45,181	1.40 51,000	1.93 66,060	1.66 56,818	7.80 266,978
Librarian	1 Per Center	1.00 23,407	1.00 23,407	1.00 23,407	1.00 23,407	1.00 23,407	5.00 117,035
Admin. Sec.	1 Per Center	1.00 18,324	1.00 18,324	1.00 18,324	1.00 18,324	1.00 18,324	5.00 91,620
Clerical Support							
Administrative	1:3 Admin Staff	0.67 10,717	0.67 10,717	0.67 10,717	0.67 10,717	0.67 10,717	3.35 53,587
Support	1:5 Support Staff	1.50 23,994	1.40 22,394	1.29 20,635	1.50 23,994	1.80 28,793	7.49 119,810
Instructional	1:10 Instr Staff	2.79 44,629	2.25 35,991	3.35 53,587	3.4 54,386	3.67 58,705	15.46 247,298
Total Funded Support FTE		11.36	10.64	11.8	12.5	12.8	59.10
Personal Services at 95% Funding		\$306,768	\$294,441	\$315,013	\$333,271	\$333,154	\$1,582,646
Operating Expense \$5,350 Per FTE		60,776	56,924	63,130	66,875	68,480	316,185
Voted Levy Operating Expense Per Student		141	242	55	250	558	
Voted Levy Operating Expense		59,291	95,832	24,503	144,500	277,326	601,451
Total Support Program		\$426,834	\$447,197	\$402,645	\$544,646	\$678,960	\$2,500,282

Plant Operation and Maintenance: The plant operation and maintenance program of each of the centers were treated as incremental programs. Inflation was applied to FY88 expenditures whether they were supported by state funds or

local millage. Adjustments for insurance premiums were made and one time expenditures were removed from the base.

The executive budget assumes that the state Tort Claims Division will cover the liability for Vo-tech centers just as it does for the university system and other state agencies. Payments requested for private liability premiums have been removed from the base and the proper premium for state coverage has been included.

Funding: Table 4 shows the recommended funding for each of the centers for FY90 and FY91. The Board of Regents has recommended that a 2 mill statewide levy be adopted for support of the Vo-tech system. The executive budget does not endorse that recommendation.

Current law continues the 1.5 mill levy in each of the five counties in which Vo-techs are located. The amount shown in table 4 under "local millage" is the projected mill levy receipts for the 1.5 mill levy in those five counties.

The Board of Regents has increased the tuition and fees throughout the Vo-tech system to be more consistent with the level of tuition and fees in university system. The tuition and fee level in this funding table is consistent with the adopted schedule and the number of budgeted students.

Vo-techs have historically received a portion of the interest earnings from the Education Trust. Because approximately \$70 million of the principle of the trust was spent in the 1989 biennium, earnings are reduced. The executive budget proposes to allocate the remaining interest earnings entirely

to OPI. General fund is needed to make up the difference in lost interest earnings.

Federal funds are available to Vo-techs under the Carl Perkins act. The funding recommendation assumes that the Vo-tech system will be able to compete for, and receive the same level of federal funds in FY90 and was received in FY88. The amounts may not match unit by unit. The Board of Regents has the authority to move funds between units to compensate for differences in federal grants.

Table 5 shows the history of Vo-tech funding from all sources for FY80 through FY91. FY80 through FY88 are actual amounts. FY89 is the budgeted amount plus the estimate for voted levies. FY90 and FY91 show the executive recommendation. The column titled, "state share," includes both general fund and the interest from the education trust. The column titled, "local mill levy," is the statutory 1.5 mill levy in each of the five counties. It grows because the mill value of the five counties has grown over the time period covered by the table. The column titled, "local voted levy," is the millage approved by local school district voters each year. It grows from FY81 to FY89 because voters have increased the mill levy over time, and because mill values have increased in the five counties. With state assumption of Vo-techs in FY90 the local voted levy will no longer be a source of revenue for Vo-techs.

VOCATIONAL TECHNICAL CENTERS

Table 4
Vo-Tech Center Funding
FY90-91

	Fiscal Year 1990					
	Billings	Butte	Gt. Falls	Helena	Missoula	Total
Local 1.5 Mills	\$317,000	\$61,000	\$136,000	\$100,000	\$173,000	\$787,000
Tuition	302,760	285,120	287,680	390,052	366,840	1,632,452
Fees	22,330	17,640	37,760	26,396	23,160	127,286
Coal Tax	0	0	0	0	0	0
Federal	128,910	121,613	122,221	107,743	326,987	807,474
General Fund	841,313	1,044,162	1,196,846	1,456,663	1,350,142	5,889,126
Total	1,612,313	1,529,535	1,780,507	2,080,854	2,240,129	9,243,338
	Fiscal Year 1991					
	Billings	Butte	Gt. Falls	Helena	Missoula	Total
Local 1.5 Mills	320,000	62,000	138,000	101,000	175,000	796,000
Tuition	302,760	285,120	287,680	390,052	366,840	1,632,452
Fees	22,330	17,640	37,760	26,396	23,160	127,286
Coal Tax	0	0	0	0	0	0
Federal	128,910	121,613	122,221	107,743	326,987	807,474
General Fund	841,302	1,043,165	1,194,593	1,460,005	1,348,596	5,887,661
Total	1,615,302	1,529,538	1,780,254	2,085,196	2,240,583	9,250,873

Table 5
Vo-Tech Funding Sources
FY80-FY91

Fiscal Year	Voted Levy	State Share	Tuition Revenues	Local Mill Levy	Federal Funds	Total Budget
1980	\$63,022	\$3,593,896	\$629,234	\$650,497	\$1,113,328	\$6,049,977
1981	71,210	3,797,131	629,234	801,510	1,113,328	6,412,413
1982	406,220	4,371,877	782,723	765,101	1,200,000	7,525,921
1983	543,094	5,250,455	1,174,078	804,733	843,682	8,616,042
1984	847,544	5,179,351	1,310,760	823,751	1,178,657	9,340,063
1985	1,187,109	5,281,424	1,503,900	842,220	1,178,657	9,993,310
1986	1,589,423	5,689,331	1,469,220	855,233	802,337	10,405,544
1987	1,820,316	5,831,278	1,544,765	1,232,482	807,474	11,236,315
1988	1,753,177	5,059,241	1,666,847	849,501	807,474	10,136,240
1989	1,753,177	5,077,942	1,801,275	808,294	807,474	10,248,162
1990	0	5,889,126	1,759,738	787,000	807,474	9,243,338
1991	0	5,887,661	1,759,738	796,000	807,474	9,250,873

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	50.81	51.68	45.85	45.85
Personal Services	1,375,681.05	1,274,544	1,185,564	1,185,564
Operating Expenses	339,644.09	356,922	383,317	386,306
Equipment	50,610.00	45,610	43,432	43,432
Total Agency Costs	\$1,765,935.14	\$1,677,076	\$1,612,313	\$1,615,302
Current Unrestricted Fund	1,765,935.14	1,677,076	1,612,313	1,615,302
Total Funding Costs	\$1,765,935.14	\$1,677,076	\$1,612,313	\$1,615,302
Current Level Services	1,765,935.14	1,677,076	1,612,313	1,615,302
Total Service Costs	\$1,765,935.14	\$1,677,076	\$1,612,313	\$1,615,302

Agency Description

The Billings Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Billings Center staff provide vocational-technical training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	34.95	34.95	29.99	29.99
Personal Services	919,828.19	859,313	789,363	789,363
Operating Expenses	54,360.60	110,788	46,650	46,650
Equipment	50,610.00	45,610	43,432	43,432
Total Program Costs	\$1,024,798.79	\$1,015,711	\$879,445	\$879,445
Current Unrestricted Fund	1,024,798.79	1,015,711	879,445	879,445
Total Funding Costs	\$1,024,798.79	\$1,015,711	\$879,445	\$879,445
Current Level Services	1,024,798.79	1,015,711	879,445	879,445
Total Service Costs	\$1,024,798.79	\$1,015,711	\$879,445	\$879,445

Program Description

The Instruction Program of the Billings Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational-technical instruction.

Budget Issues

The recommended budget for the Instruction Program at the Billings Vo-Tech represents actual FY88 expenditures per

FY88 budgeted student FTE, which are then multiplied by 420.50, the student FTE budgeted for FY90-91, to arrive at the FY90-91 biennium budget amount. Personal service costs were derived using \$1,877.20 per student FTE. No vacancy savings rate was applied to personal services.

The operating expense portion of the program was derived using \$110.84 per student FTE.

The entire instructional equipment portion of the program is budgeted on a variable basis, using \$103.29 per student FTE to arrive at the FY90-91 budget.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	3.63	4.50	4.50	4.50
Personal Services	68,740.31	91,258	89,433	89,433
Operating Expenses	197,698.69	183,940	216,601	219,590
Total Program Costs	\$266,439.00	\$275,198	\$306,034	\$309,023
Current Unrestricted Fund	266,439.00	275,198	306,034	309,023
Total Funding Costs	\$266,439.00	\$275,198	\$306,034	\$309,023
Current Level Services	266,439.00	275,198	306,034	309,023
Total Service Costs	\$266,439.00	\$275,198	\$306,034	\$309,023

Program Description

The Plant Operations and Maintenance Program of the Billings Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

Budget Issues

The recommended budget for the Plant Operation And Maintenance Program for the Billings Vo-Tech is derived

incrementally. Personal services remain constant at the FY88 budgeted level of expenditure. A 2% vacancy savings rate is applied to personal services.

Operating expenditures remain constant with the FY88 budgeted level of expenditure except for increases in inflationary items such as utilities and supplies and materials, and the fact that insurance was previously expended under the Support Program but is budgeted under Plant Operation and Maintenance for the FY90-91 biennium. Since the Billings Vo-Tech is now the responsibility of the state, premiums for state coverage have been included.

SUPPORT Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	12.23	12.23	11.36	11.36
Personal Services	387,112.55	323,973	306,768	306,768
Operating Expenses	87,584.80	62,194	120,066	120,066
Total Program Costs	\$474,697.35	\$386,167	\$426,834	\$426,834
Current Unrestricted Fund	474,697.35	386,167	426,834	426,834
Total Funding Costs	\$474,697.35	\$386,167	\$426,834	\$426,834
Current Level Services	474,697.35	386,167	426,834	426,834
Total Service Costs	\$474,697.35	\$386,167	\$426,834	\$426,834

Program Description

The Support Program of the Billings Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration, personnel development and support for course and curriculum development.

Budget Issues

The recommended budget for the Support Program for the Billings Vo-Tech is based on a budgeted student FTE enrollment of 420.50 in FY90-91, and the ratios of specific types of designated support staff to those enrollments. This results

in a total funded support staff of 11.36 FTE employees with funded compensation of \$306,768, which represents 95% of the total approved compensation levels of the designated support staff. No vacancy savings rate was applied to personal services.

The operating expenditure portion of this program is derived by multiplying the authorized employee FTE by \$5,350 for each year of the biennium and adding the operating expenditures which are supported by voted levies. The voted levy operating expenditure amount is derived by multiplying \$141, the voted levy operating expense per student FTE at the Billings Vo-Tech, by the budgeted student FTE, 420.50. Included in operating expenses are budgeted audit costs of \$24,904.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	34.90	37.03	36.47	36.47
Personal Services	1,210,087.15	1,082,170	1,111,196	1,111,196
Operating Expenses	333,263.73	239,869	360,859	360,862
Equipment	24,436.00	42,864	23,893	23,893
Debt Service	34,381.41	0	33,587	33,587
Total Agency Costs	\$1,602,168.29	\$1,364,903	\$1,529,535	\$1,529,538
Current Unrestricted Fund	1,602,168.29	1,364,903	1,529,535	1,529,538
Total Funding Costs	\$1,602,168.29	\$1,364,903	\$1,529,535	\$1,529,538
Current Level Services	1,602,168.29	1,364,903	1,529,535	1,529,538
Total Service Costs	\$1,602,168.29	\$1,364,903	\$1,529,535	\$1,529,538

Agency Description

The Butte Postsecondary Vocational Technical Center's primary objectives are to prepare students for employment and

to provide trained workers for Montana's employers. The Butte Vo-Tech staff provide vocational training in business, health, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	20.40	22.58	22.08	22.08
Personal Services	759,273.05	710,249	742,400	742,400
Operating Expenses	109,029.30	91,571	106,606	106,606
Equipment	24,436.00	42,864	23,893	23,893
Debt Service	33,009.00	0	32,275	32,275
Total Program Costs	\$925,747.35	\$844,684	\$905,174	\$905,174
Current Unrestricted Fund	925,747.35	844,684	905,174	905,174
Total Funding Costs	\$925,747.35	\$844,684	\$905,174	\$905,174
Current Level Services	925,747.35	844,684	905,174	905,174
Total Service Costs	\$925,747.35	\$844,684	\$905,174	\$905,174

Program Description

The Instruction Program of the Butte Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instructional program which includes related occupational, and vocational instruction.

Budget Issues

The recommended budget for the Instruction Program at the Butte Vo-Tech represents the actual FY88 expenditures per

FY88 budgeted student FTE, which are then multiplied by 396, the student FTE budgeted for FY90-91, to arrive at the FY90-91 biennium budget amount. Personal service costs were derived using \$1,874.75 per student FTE. No vacancy savings rate was applied to personal services.

The operating expense portion of the program was derived using \$269.21 per student FTE.

The entire instructional equipment portion of the program is budgeted on a variable basis, using \$81.50 per student FTE to arrive at the FY90-91 budget.

PLANT OPERATION & MAINTENANCE Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	3.80	3.75	3.75	3.75
Personal Services	115,692.04	76,048	74,355	74,355
Operating Expenses	92,989.96	93,886	102,810	102,813
Total Program Costs	\$208,682.00	\$169,934	\$177,165	\$177,168
Current Unrestricted Fund	208,682.00	169,934	177,165	177,168
Total Funding Costs	\$208,682.00	\$169,934	\$177,165	\$177,168
Current Level Services	208,682.00	169,934	177,165	177,168
Total Service Costs	\$208,682.00	\$169,934	\$177,165	\$177,168

Program Description

The Plant Operations and Maintenance Program of the Butte Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance, and janitorial services.

Budget Issues

The recommended budget for the Plant Operation And Maintenance Program for the Butte Vo-Tech is derived

incrementally. Personal services remain constant at the FY88 budgeted level of expenditure. A 2% vacancy savings rate is applied to personal services.

Operating expenditures remain constant with the FY88 budgeted level of expenditure except for increases in inflationary items such as utilities and supplies and materials, and the fact that insurance was previously expended under the Support Program but is budgeted under Plant Operation and Maintenance for the FY90-91 biennium. Since the Butte Vo-tech is now the responsibility of the state, premiums for state coverage have been included.

SUPPORT Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	10.70	10.70	10.64	10.64
Personal Services	335,122.06	295,873	294,441	294,441
Operating Expenses	131,244.47	54,412	151,443	151,443
Debt Service	1,372.41	0	1,312	1,312
Total Program Costs	\$467,738.94	\$350,285	\$447,196	\$447,196
Current Unrestricted Fund	467,738.94	350,285	447,196	447,196
Total Funding Costs	\$467,738.94	\$350,285	\$447,196	\$447,196
Current Level Services	467,738.94	350,285	447,196	447,196
Total Service Costs	\$467,738.94	\$350,285	\$447,196	\$447,196

Program Description

The Support Program of the Butte Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development.

Budget Issues

The recommended budget for the Support Program for the Butte Vo Tech is based on a budgeted student FTE enrollment of 396 in FY90-91, and the ratios of specific types of designated support staff to those enrollments. This results in

a total funded support staff of 10.64 FTE employees with funded compensation of \$294,441, which represents 95% of the total approved compensation levels of the designated support staff. No vacancy savings rate was applied to personal services.

The operating expenditure portion of this program is derived by multiplying the authorized employee FTE by \$5,350 for each year of the biennium and adding the operating expenditures which are supported by voted levies. The voted levy operating expenditure amount is derived by multiplying \$242, the voted levy operating expense per student FTE at the Butte Vo-Tech, by the budgeted student FTE, 396.00. Included in operating expenses are budgeted audit costs of \$24,904.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	46.99	47.49	49.50	49.50
Personal Services	1,311,942.84	1,136,966	1,382,613	1,382,613
Operating Expenses	389,019.93	253,026	335,189	334,936
Equipment	48,244.79	43,219	51,666	51,666
Debt Service	10,307.80	0	11,039	11,039
Total Agency Costs	\$1,759,515.36	\$1,433,211	\$1,780,507	\$1,780,254
Current Unrestricted Fund	1,759,515.36	1,433,211	1,780,507	1,780,254
Total Funding Costs	\$1,759,515.36	\$1,433,211	\$1,780,507	\$1,780,254
Current Level Services	1,759,515.36	1,433,211	1,780,507	1,780,254
Total Service Costs	\$1,759,515.36	\$1,433,211	\$1,780,507	\$1,780,254

Agency Description

The Great Falls Vocational Technical Center's primary objectives are to prepare students for employment and to

provide trained workers for employment opportunities. The Great Falls Vo-Tech staff provide vocational training in business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	31.00	31.00	33.20	33.20
Personal Services	913,393.98	729,539	978,166	978,166
Operating Expenses	129,736.28	94,058	138,936	138,936
Equipment	48,244.79	43,219	51,666	51,666
Debt Service	10,307.80	0	11,039	11,039
Total Program Costs	\$1,101,682.85	\$866,816	\$1,179,807	\$1,179,807
Current Unrestricted Fund	1,101,682.85	866,816	1,179,807	1,179,807
Total Funding Costs	\$1,101,682.85	\$866,816	\$1,179,807	\$1,179,807
Current Level Services	1,101,682.85	866,816	1,179,807	1,179,807
Total Service Costs	\$1,101,682.85	\$866,816	\$1,179,807	\$1,179,807

Program Description

The Instruction Program of the Great Falls Vocational Technical Center includes all expenditures for personal services, operating expenses, and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

Budget Issues

The recommended budget for the Instruction Program at the Great Falls Vo-Tech represents actual FY88 expenditures

per FY88 budgeted student FTE, which are then multiplied by 445.50, the student FTE budgeted for FY90-91, to arrive at the FY90-91 biennium budget amount. Personal service costs were derived using \$2,195.66 per student FTE. No vacancy savings rate was applied to personal services.

The operating expense portion of the program was derived using \$311.87 per student FTE.

The entire instructional equipment portion of the program is budgeted on a variable basis, using \$115.97 per student FTE to arrive at the FY90-91 budget.

PLANT OPERATION & MAINTENANCE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	4.00	4.50	4.50	4.50
Personal Services	81,243.80	91,259	89,434	89,434
Operating Expenses	157,192.20	97,995	108,622	108,369
Total Program Costs	\$238,436.00	\$189,254	\$198,056	\$197,803
Current Unrestricted Fund	238,436.00	189,254	198,056	197,803
Total Funding Costs	\$238,436.00	\$189,254	\$198,056	\$197,803
Current Level Services	238,436.00	189,254	198,056	197,803
Total Service Costs	\$238,436.00	\$189,254	\$198,056	\$197,803

Program Description

The Plant Operations and Maintenance Program of the Great Falls Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance relating to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

Budget Issues

The recommended budget for the Plant Operation And Maintenance Program for the Great Falls Vo-Tech is derived incrementally. Personal services remain constant at the FY88 budgeted level of expenditure. A 2% vacancy savings rate is applied to personal services.

Operating expenditures remain constant with the FY88 budgeted level of expenditure except for increases in inflationary items such as utilities and supplies and materials. Since the Butte Vo-Tech is now the responsibility of the state, premiums for state coverage have been included.

SUPPORT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	11.99	11.99	11.80	11.80
Personal Services	317,305.06	316,168	315,013	315,013
Operating Expenses	102,091.45	60,973	87,631	87,631
Total Program Costs	\$419,396.51	\$377,141	\$402,644	\$402,644
Current Unrestricted Fund	419,396.51	377,141	402,644	402,644
Total Funding Costs	\$419,396.51	\$377,141	\$402,644	\$402,644
Current Level Services	419,396.51	377,141	402,644	402,644
Total Service Costs	\$419,396.51	\$377,141	\$402,644	\$402,644

Program Description

The Support Program of the Great Falls Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development, and support for course and curriculum development.

Budget Issues

The recommended budget for the Support Program for the Great Falls Vo-Tech is based on a budgeted student FTE enrollment of 445.50 in FY90-91, and the ratios of specific types of designated support staff to those enrollments. This

results in a total funded support staff of 11.80 FTE employees with funded compensation of \$315,013, which represents 95% of the total approved compensation levels of the designated support staff. No vacancy savings rate was applied to personal services.

The operating expenditure portion of this program is derived by multiplying the authorized employee FTE by \$5,350 for each year of the biennium and adding the operating expenditures which are supported by voted levies. The voted levy operating expenditure is derived by multiplying \$55, the voted levy operating expense per student FTE at the Great Falls Vo-Tech, by the budgeted student FTE, 445.50. Included in operating expenses are budgeted audit costs of \$24,904.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	54.09	54.24	49.05	49.05
Personal Services	1,807,215.87	1,588,830	1,494,111	1,494,111
Operating Expenses	381,719.67	450,146	485,496	489,838
Equipment	103,395.67	51,036	90,843	90,843
Capital Outlay	92,000.00	0	0	0
Debt Service	11,844.00	0	10,404	10,404
Total Agency Costs	\$2,396,175.21	\$2,090,012	\$2,080,854	\$2,085,196
Current Unrestricted Fund	2,396,175.21	2,090,012	2,080,854	2,085,196
Total Funding Costs	\$2,396,175.21	\$2,090,012	\$2,080,854	\$2,085,196
Current Level Services	2,396,175.21	2,090,012	2,080,854	2,085,196
Total Service Costs	\$2,396,175.21	\$2,090,012	\$2,080,854	\$2,085,196

Agency Description

The Helena Vocational Technical Center's primary objectives are to prepare postsecondary students for employment

and to provide trained workers for employment opportunities. The Helena Vo Tech staff provide vocational training in agricultural, business, health, home economics, office, technical, and trade/industrial occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	36.77	36.77	32.30	32.30
Personal Services	1,225,353.79	1,153,935	1,076,375	1,076,375
Operating Expenses	100,007.42	148,773	87,848	87,848
Equipment	102,820.67	51,036	90,320	90,320
Debt Service	11,844.00	0	10,404	10,404
Total Program Costs	\$1,440,025.88	\$1,353,744	\$1,264,947	\$1,264,947
Current Unrestricted Fund	1,440,025.88	1,353,744	1,264,947	1,264,947
Total Funding Costs	\$1,440,025.88	\$1,353,744	\$1,264,947	\$1,264,947
Current Level Services	1,440,025.88	1,353,744	1,264,947	1,264,947
Total Service Costs	\$1,440,025.88	\$1,353,744	\$1,264,947	\$1,264,947

Program Description

The Instruction Program of the Helena Vocational Technical Center includes all expenditures for personal services, operating expenses and equipment for all activities that are part of the institution's instruction program which includes related occupational and vocational instruction.

Budget Issues

The recommended budget for the Instruction Program at the Helena Vo-Tech represents actual FY88 expenditures per

FY88 budgeted student FTE, which are then multiplied by 578, the student FTE budgeted for FY90-91, to arrive at the FY90-91 biennium budget amount. Personal service costs were derived using \$1,862.24 per student FTE. No vacancy savings rate was applied to personal services.

The operating expense portion of the program was derived using \$151.99 per student FTE.

The entire instructional equipment portion of the program is budgeted on a variable basis, using \$156.26 per student FTE to arrive at the FY90-91 budget.

PLANT OPERATION & MAINTENANCE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	4.10	4.25	4.25	4.25
Personal Services	65,841.56	86,189	84,465	84,465
Operating Expenses	199,946.97	234,144	186,797	191,139
Capital Outlay	92,000.00	0	0	0
Total Program Costs	\$357,788.53	\$320,333	\$271,262	\$275,604
Current Unrestricted Fund	357,788.53	320,333	271,262	275,604
Total Funding Costs	\$357,788.53	\$320,333	\$271,262	\$275,604
Current Level Services	357,788.53	320,333	271,262	275,604
Total Service Costs	\$357,788.53	\$320,333	\$271,262	\$275,604

Program Description

The Plant Operations and Maintenance Program of the Helena Vocational Technical Center includes all expenditures of current operating funds for the operation and maintenance of physical plant. It includes all expenditures for operations established to provide services and maintenance related to the grounds and typically includes facilities, utilities, fire protection, property insurance and janitorial services.

Budget Issues

The recommended budget for the Plant Operation And Maintenance Program for the Helena Vo-Tech is derived incrementally. Personal services remain constant at the FY88 budgeted level of expenditure. A 2% vacancy savings rate is applied to personal services.

Operating expenditures remain constant with the FY88 budgeted level of expenditure except for increases in inflationary items such as utilities and supplies and materials. Since the Helena Vo-Tech is now the responsibility of the state, premiums for state coverage have been included.

SUPPORT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	13.22	13.22	12.50	12.50
Personal Services	516,020.52	348,706	333,271	333,271
Operating Expenses	81,765.28	67,229	210,851	210,851
Equipment	575.00	0	523	523
Total Program Costs	\$598,360.80	\$415,935	\$544,645	\$544,645
Current Unrestricted Fund	598,360.80	415,935	544,645	544,645
Total Funding Costs	\$598,360.80	\$415,935	\$544,645	\$544,645
Current Level Services	598,360.80	415,935	544,645	544,645
Total Service Costs	\$598,360.80	\$415,935	\$544,645	\$544,645

Program Description

The Support Program of the Helena Vocational Technical Center provides support services for the institution's primary objectives to include library materials, services that directly assist the academic functions, audio-visual services, administration and personnel development and support for course and curriculum development.

Budget Issues

The recommended budget for the Support Program for the Helena Vo-Tech is based on a budgeted student FTE enrollment of 578 in FY90-91, and the ratios of specific types of designated support staff to those enrollments. This results in

a total funded support staff of 12.50 FTE employees with funded compensation of \$333,271, which represents 95% of the total approved compensation levels of the designated support staff. No vacancy savings rate was applied to personal services.

The operating expenditure portion of this program is derived by multiplying the authorized employee FTE by \$5,350 for each year of the biennium and adding the operating expenditures which are supported by voted levies. The voted levy operating expenditure is derived by multiplying \$250, the voted levy operating expense per student FTE at the Helena Vo-Tech, by the budgeted student FTE, 578. Included in operating expenses are budgeted audit costs of \$24,904.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	59.88	59.13	52.14	52.14
Personal Services	2,115,106.84	1,485,685	1,579,050	1,579,050
Operating Expenses	448,630.29	395,388	619,768	620,222
Equipment	48,709.09	48,710	41,311	41,311
Total Agency Costs	\$2,612,446.22	\$1,929,783	\$2,240,129	\$2,240,583
Current Unrestricted Fund	2,612,446.22	1,929,783	2,240,129	2,240,583
Total Funding Costs	\$2,612,446.22	\$1,929,783	\$2,240,129	\$2,240,583
Current Level Services	2,612,446.22	1,929,783	2,240,129	2,240,583
Total Service Costs	\$2,612,446.22	\$1,929,783	\$2,240,129	\$2,240,583

Agency Description

Missoula Vocational Technical Center is a two year postsecondary educational institution offering occupational pro-

grams that prepare individuals for employment in a specific or cluster of occupations.

INSTRUCTION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	40.20	40.20	34.09	34.09
Personal Services	1,345,980.63	1,027,668	1,141,557	1,141,557
Operating Expenses	119,755.01	132,495	101,567	101,567
Equipment	48,709.09	48,710	41,311	41,311
Total Program Costs	\$1,514,444.73	\$1,208,873	\$1,284,435	\$1,284,435
Current Unrestricted Fund	1,514,444.73	1,208,873	1,284,435	1,284,435
Total Funding Costs	\$1,514,444.73	\$1,208,873	\$1,284,435	\$1,284,435
Current Level Services	1,514,444.73	1,208,873	1,284,435	1,284,435
Total Service Costs	\$1,514,444.73	\$1,208,873	\$1,284,435	\$1,284,435

Program Description

The Instruction Program of the Missoula Vocational Technical Center includes all expenditures for personal services, operating expenses and equipment for all activities that are part of the institution's instruction program.

Budget Issues

The recommended budget for the Instruction Program at the Missoula Vo-Tech represents actual FY88 expenditures per FY88 budgeted student FTE, which are then multiplied by

497, the student FTE budgeted for FY90-91, to arrive at the FY90-91 biennium budget amount. Personal service costs were derived using \$2,296.90 per student FTE. No vacancy savings rate was applied to personal services.

The operating expense portion of the program was derived using \$204.36 per student FTE.

The entire instructional equipment portion of the program is budgeted on a variable basis, using \$83.12 per student FTE to arrive at the FY90-91 budget.

PLANT OPERATION & MAINTENANCE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	6.00	5.25	5.25	5.25
Personal Services	161,014.64	106,468	104,339	104,339
Operating Expenses	170,463.45	193,325	172,396	172,850
Total Program Costs	\$331,478.09	\$299,793	\$276,735	\$277,189
Current Unrestricted Fund	331,478.09	299,793	276,735	277,189
Total Funding Costs	\$331,478.09	\$299,793	\$276,735	\$277,189
Current Level Services	331,478.09	299,793	276,735	277,189
Total Service Costs	\$331,478.09	\$299,793	\$276,735	\$277,189

Program Description

The Plant Operation and Maintenance Program of the Missoula Vocational Technical Center includes expenditures of current operating funds for the operation and maintenance of the physical plant and grounds.

Budget Issues

The recommended budget for the Plant Operation And Maintenance Program for the Missoula Vo-Tech is derived

incrementally. Personal services remain constant at the FY88 budgeted level of expenditure. A 2% vacancy savings rate is applied to personal services.

Operating expenditures remain constant with the FY88 budgeted level of expenditure except for increases in inflationary items such as utilities and supplies and materials. Since the Missoula Vo-Tech is now the responsibility of the state, premiums for state coverage have been included.

SUPPORT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	13.68	13.68	12.80	12.80
Personal Services	608,111.57	351,549	333,154	333,154
Operating Expenses	158,411.83	69,568	345,805	345,805
Total Program Costs	\$766,523.40	\$421,117	\$678,959	\$678,959
Current Unrestricted Fund	766,523.40	421,117	678,959	678,959
Total Funding Costs	\$766,523.40	\$421,117	\$678,959	\$678,959
Current Level Services	766,523.40	421,117	678,959	678,959
Total Service Costs	\$766,523.40	\$421,117	\$678,959	\$678,959

Program Description

The Support Program of the Missoula Vocational Technical Center provides support services for the institution's instructional program to include the library, academic support, administration and student services.

Budget Issues

The recommended budget for the Support Program for the Missoula Vo-Tech is based on a budgeted student FTE enrollment of 497 in FY90-91, and the ratios of specific types of designated support staff to those enrollments. This results in a total funded support staff of 12.80 FTE employ-

ees with funded compensation of \$333,154, which represents 95% of the total approved compensation levels of the designated support staff. No vacancy savings rate was applied to personal services.

The operating expenditure portion of this program is derived by multiplying the authorized employee FTE by \$5,350 for each year of the biennium and adding the operating expenditures which are supported by voted levies. The voted levy operating expenditure is derived by multiplying \$558, the voted levy operating expense per student FTE at the Missoula Vo-Tech, by the budgeted student FTE, 497.00. Included in operating expenses are budgeted audit costs of \$24,904.

The 1990-91 Executive Budget recommendation for the Montana University System was derived by using both the traditional incremental budgeting process and the formula budgeting method. The formula method was used in the two programs that are directly influenced by student enrollment, Instruction and Support. The Instruction Program funds faculty salaries and the services and operational costs of their direct support staff. The Support Program combines three sub-programs used by the university units: Academic Support, Institutional Services and Student Services. The programs and agencies that were budgeted by use of the incremental method are: Operation and Maintenance of Physical Plant, Organized Research, Public Service, and Scholarships and Fellowships. The Bureau of Mines and Geology, the Agricultural Experiment Station, the Cooperative Extension Service and the Forestry and Conservation Experiment Station were also budgeted by using the incremental method.

Incremental Budgets

University system incremental programs and agency budgets were established consistent with all other incremental budgets statewide. No general inflation factor was applied, but specific inflation factors for selected budget items, such as utilities, state mainframe computer costs, some communications costs and some supplies were included.

Formula Budgets

The formula budget process for the Instruction Programs takes into consideration student enrollment and type of course work faculty demand to calculate a budgeted number of faculty. The formula then applies an average faculty salary rate and projected benefit rates along with an instructional support rate per student to calculate an Instructional Program budget. The Support Programs use a support rate per student for the academic, institutional and student support services provided by the units. The formula budgets represent over 80% of the units total budget.

Because the formula programs are enrollment driven, projected enrollments for the 1990-91 biennium are critical to the budgets derived through the formula process. In past years a statistical modelling program has been used to project enrollments. This biennium the university system requested that enrollment projections not be used for budgeting purposes. Instead, they requested that the last two years average actual enrollment (FY87 and FY88) be used in the formula budgeting process. Using the prior two years average tends to protect the formula budgets from decline during years of falling enrollment as has been the case in recent years. The Executive Budget incorporates the university systems request and uses an average of FY87 and FY88 actual enrollment for budgeting purposes. Table 1 shows the enrollments by unit used for budgeting for the 1988-89 and 1990-91 biennia and the percent change between bienniums.

Table 1
Funded Student FYFTE Enrollments
FY88 through FY91

UNIT	FY88	FY89	FY90	FY91	Biennial Change
MSU	9,403	9,248	9,476	9,476	1.6%
UM	7,996	8,008	7,759	7,759	-3.0%
EMC	3,199	3,198	3,300	3,300	3.2%
NMC	1,702	1,730	1,631	1,631	-5.0%
WMC	916	905	877	877	-3.7%
TECH	1,550	1,550	1,578	1,578	1.8%
TOTAL	24,766	24,639	24,621	24,621	-0.3%

Historically, student enrollments have risen sharply through the 1950's and 1960's. There was a decline in enrollment during the early 1970's and an upturn for ten years from 1973 to 1983. Enrollments have declined on a system-wide basis since 1983 with the exception of fall 1988. Table 2 shows system-wide fall term enrollment from 1955 through 1988.

Table 2
Montana University System Enrollment
Fall Term, 1955-1988

Calendar Year	Headcount Enrollment	Calendar Year	Headcount Enrollment
1955	7,554	1972	21,946
1956	8,091	1973	21,768
1957	8,504	1974	22,518
1958	9,608	1975	24,044
1959	10,115	1976	24,195
1960	10,478	1977	24,863
1961	11,806	1978	25,100
1962	12,570	1979	25,514
1963	13,324	1980	27,543
1964	14,797	1981	28,547
1965	16,882	1982	29,371
1966	17,882	1983	30,348
1967	19,105	1984	29,288
1968	21,077	1985	28,503
1969	22,832	1986	27,684
1970	24,112	1987	26,682
1971	23,562	1988	27,405

The legislature froze all salary levels during the 1988-89 biennium. As a result, the average faculty compensation and the support rates used during the 1988-89 biennium are still valid for the 1990-91 biennium. The Executive Budget incorporates these average faculty compensation and support rates in its recommendation. Table 3 lists the average faculty salary, instructional support rate and other support rate by unit for the 1990-91 biennium.

Table 3
Instructional Rates
FY90-91 Biennium

Unit	FY90-91 Faculty Salary Base	FY90-91 Instruction Support Rate	FY90-91 Other Support Rate
MSU	\$30,986	\$633.92	\$1,396.00
UM	30,986	495.16	1,396.00
EMC	27,722	410.15	1,387.00
NMC	27,495	467.42	1,387.00
WMC	27,495	532.21	1,387.00
TECH	\$29,996	\$633.92	\$1,650.00

High headcount adjustments were added to the Support Programs at each unit based on a formula which compares actual headcount to FTE enrollment. The purpose of the adjustment is to provide additional support for provision of standard minimum services to less than full-time students. Table 4 lists the high headcount adjustments that were added to the Support Program formula budgets for the 1988-89 and 1990-91 biennia.

Table 4
High Headcount Adjustment
1988-89 and 1990-91 Biennia

Unit	FY88	FY89	FY90	FY91
MSU	\$63,370	\$62,422	\$63,957	\$63,957
UM	101,271	101,610	99,362	99,362
EMC	71,370	71,494	74,244	74,244
NMC	0	0	10,920	10,920
WMC	12,692	12,564	24,094	24,094
TECH	31,345	31,406	21,424	21,424
TOTAL	\$280,048	\$279,496	\$294,001	\$294,001

The Executive Budget provides support for a portion of each unit's biennial audit costs, including their portions of the statewide audit. Fifty percent of audit costs for MSU and UM are supported with current unrestricted funds. Current unrestricted funds support 75% of the audit costs of the other four units. These percentages are consistent with the percentages used in the 1988-89 biennium. Table 5 shows the audit costs by unit that are supported by current unrestricted funds.

Table 5
Audit Costs Supported
by Current Unrestricted
Funds
1991 Biennium

Unit	FY90-91 Biennium
MSU	\$47,041
UM	47,041
EMC	45,658
NMC	38,394
WMC	38,394
TECH	45,658
TOTAL	\$262,186

The Executive Budget funds the Instruction Programs at 99% of the formula amount for both years of the biennium.

This level of funding is consistent with the funding level established by the legislature for the 1988-89 biennium. No vacancy savings has been applied to the Instruction Programs.

The Executive Budget funds the Support Programs at 92% of the formula amount for both years of the biennium. The legislature funded the Support Programs at 91% in FY88 and 92% in FY89. No vacancy savings has been applied to the Support Programs.

Because the executive recommendation uses the prior two years actual enrollment for budgeting purposes, the number of budgeted faculty remains relatively constant from the 1988-89 biennium to the 1990-91 biennium. Table 6 shows the number of budgeted faculty by unit for FY88, FY89, FY90, and FY91. It should be noted that the budgeted number of faculty may not correspond to the actual number of faculty and graduate teaching assistants that are funded by state appropriation. The university system does not use the state's position control system, and each unit's actual FTE level may vary from the budgeted number.

Table 6
Comparison of Budgeted Faculty
FY88 through FY91

Unit	FY88	FY89	FY90	FY91
MSU	528.26	519.55	531.17	531.17
UM	423.29	423.93	413.59	413.59
EMC	166.53	166.48	172.59	172.59
NMC	111.68	113.52	104.42	104.42
WMC	59.67	58.96	56.54	56.54
TECH	88.77	88.77	91.16	91.16
TOTAL	1,378.20	1,371.21	1,369.48	1,369.48

Tuition and Fees

Tuition and fees for the six units were budgeted based on the average actual collection of tuition and fees for FY87 and FY88. FY87 and FY88 collections were used to be consistent with the years used to derive enrollment for formula budgeting purposes. Special fees for high cost programs at UM and MSU were removed prior to averaging the FY87 and FY88 actual collections. \$98,700 per year was then added to MSU's tuition and fee revenue for the special architecture fees. The same amount was also added to the formula generated instruction budget. \$398,700 per year was added to UM's tuition and fee revenue for the special fees collected by pharmacy, law and physical therapy. The same amount was also added to the formula generated instruction budget.

Millage

The six mill levy on the total Montana taxable valuation that is statutorily dedicated to supporting higher education was budgeted at \$12,408,000 in FY90 and \$12,381,000 in FY91.

Indirect Cost Recovery

Revenues received by the units from federal and state research contracts to defray institutional costs of supporting those research activities have been budgeted at 50% of projected receipts for support of the current unrestricted fund. This is consistent with the percentage appropriated for the 1988-89 biennium.

Other Revenues

Miscellaneous revenues available to the units for general operation expenses were appropriated for current unrestricted fund support. These revenues account for only one-half of one percent of the current unrestricted fund.

Table 7 compares the proportionate support by revenue source of the current unrestricted fund for each unit for the 1988-89 and 1990-91 biennia along with the percent change between bienniums.

Table 7
Comparison of Revenue Sources Supporting
the Six University System Units'
Current Unrestricted Fund
for the 1988-89 and 1990-91 Biennia
(In millions dollars)

Revenue Source	FY88	FY89	FY90	FY91	Biennial Change
General Fund	\$73.102	\$73.255	\$73.506	73.556	0.5%
State Special	12.864	12.906	12.506	12.508	-2.8%
Tuition/fees	27.050	26.911	26.714	26.714	-1.0%
Indirect Costs	1.136	1.136	1.342	1.342	18.1%
Other	0.480	0.470	0.490	0.490	3.2%
TOTAL	\$114.632	\$114.678	\$114.581	\$114.610	-0.1%

Table 8 details appropriated dollars per budgeted FYFTE student by funding source for the FY81 through FY89 and the proposed budget dollars per budgeted FYFTE student by funding source for FY90 and FY91 along with the cumulative percent change from FY81 through FY91 for state sup-

port, all support and the consumer price index. Both Table 8 and the corresponding graph show that the cumulative percentage increase in both state support and all support from FY81 through FY91 has exceeded the cumulative percentage increase in the CPI over the same period.

Table 8
Support per Budgeted FYFTE Student by Funding Source
FY81-FY91

Revenue Source	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89	FY90	FY91
General Fund	\$1,851.11	\$2,293.80	\$2,652.64	\$2,593.54	\$2,578.48	\$2,709.49	\$2,718.98	\$2,951.72	\$2,973.15	\$2,985.50	\$2,987.51
State Special	451.97	504.56	549.66	480.49	502.25	542.02	558.80	519.43	523.80	508.87	508.02
Tuition/fees	530.87	625.76	669.55	760.35	829.66	954.74	1,034.40	1,092.24	1,092.20	1,085.02	1,085.02
Indirect Costs	114.56	98.61	105.55	62.65	62.01	60.45	61.10	45.89	46.12	54.49	54.49
Other	50.36	65.80	64.52	54.02	53.91	35.01	25.22	19.38	19.08	19.92	19.92
TOTAL	\$2,998.87	\$3,588.53	\$4,041.92	\$3,951.05	\$4,026.31	\$4,301.71	\$4,398.50	\$4,628.66	\$4,654.35	\$4,653.81	\$4,654.96
Cum. % Inc.	State Sup.	21.5%	39.0%	33.5%	33.8%	41.2%	42.3%	50.7%	51.8%	51.7%	51.8%
Cum. % Inc.-	All Sup.	19.7%	34.8%	31.8%	34.3%	43.4%	46.7%	54.3%	55.2%	55.2%	55.2%
Cum. % Inc.-	CPI	6.4%	9.1%	13.6%	17.7%	19.6%	24.3%	29.4%	35.1%	41.6%	48.8%

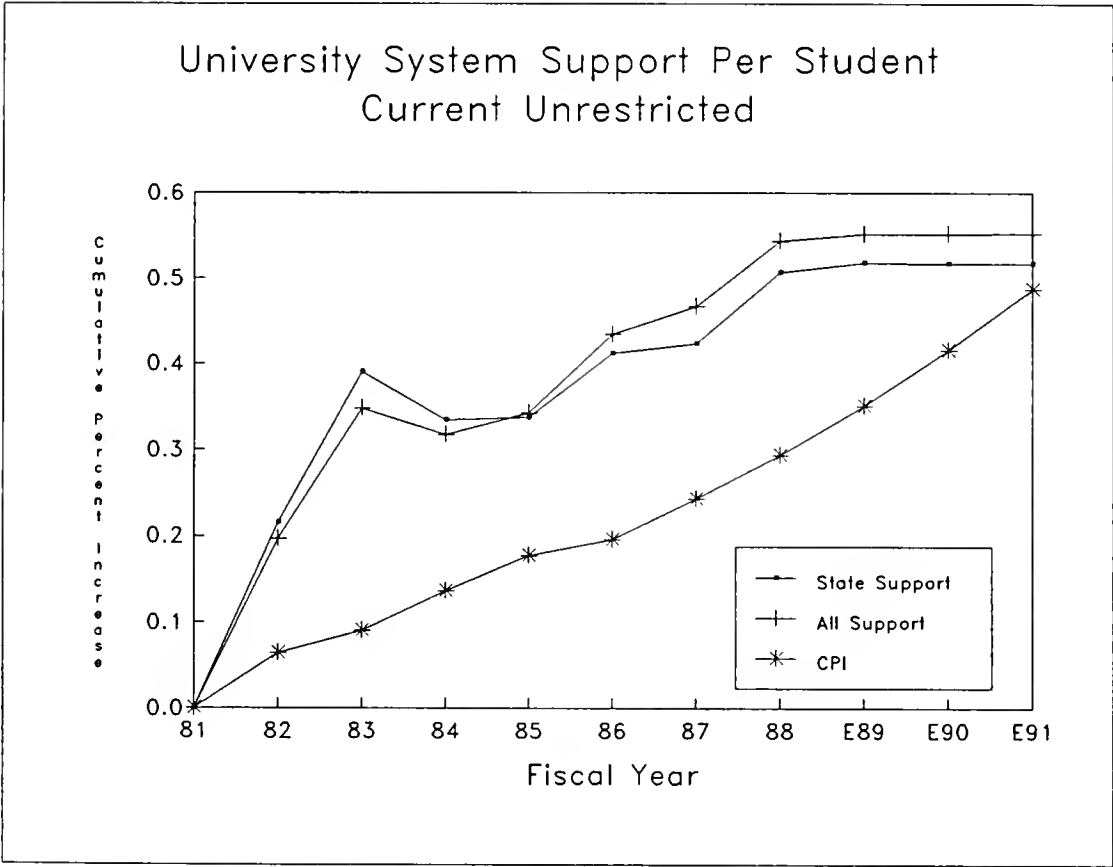


Table 9 details the FY90 and FY91 revenue sources for all of higher education with the exception of the Board of Regents and the programs funded through the Office of the Commissioner of Higher Education.

Table 9
University System Funding
Fiscal Years 1990 and 1991

Unit	FY90 General Fund	FY90 State Special	FY90 Federal/ ICR	FY90 Tuition/ Fees	FY90 Other	FY90 Total
MSU *	\$28,627,053	\$4,780,861	\$800,000	\$10,100,055	\$309,000	\$44,616,969
UM **	\$22,302,218	\$4,008,698	\$324,410	\$9,211,697	\$110,000	\$35,957,023
EMC	\$8,769,012	\$1,700,354	\$60,000	\$3,268,688	\$15,000	\$13,813,054
NMC	\$5,127,441	\$798,441	\$23,449	\$1,521,999	\$16,000	\$7,487,330
WMC	\$2,908,104	\$426,247	\$20,730	\$860,259	\$7,870	\$4,223,210
TECH	\$5,772,271	\$814,399	\$112,941	\$1,751,631	\$32,600	\$8,483,842
Subtotal	\$73,506,099	\$12,529,000	\$1,341,530	\$26,714,329	\$490,470	\$114,460,428
AES	\$6,188,358	\$748,113	\$1,706,135	\$0	\$0	\$8,642,606
CES	\$2,069,790	\$0	\$1,946,508	\$0	\$0	\$4,016,298
FCES	\$630,321	\$0	\$0	\$0	\$0	\$630,321
BM&G	\$1,201,081	\$53,000	\$0	\$0	\$0	\$1,254,081
Subtotal	\$10,089,550	\$801,113	\$3,652,643	\$0	\$0	\$14,543,306
TOTAL	\$83,474,649	\$13,330,113	\$4,994,173	\$26,714,329	\$490,470	\$129,003,734

Unit	FY91 General Fund	FY91 State Special	FY91 Federal/ ICR	FY91 Tuition/ Fees	FY91 Other	FY91 Total
MSU *	\$28,725,767	\$4,770,458	\$800,000	\$10,100,055	\$309,000	\$44,705,280
UM **	\$22,343,187	\$4,006,239	\$324,410	\$9,211,697	\$110,000	\$35,995,533
EMC	\$8,755,367	\$1,696,654	\$60,000	\$3,268,688	\$15,000	\$13,795,709
NMC	\$5,106,138	\$796,703	\$23,449	\$1,521,999	\$16,000	\$7,464,289
WMC	\$2,879,508	\$425,319	\$20,730	\$860,259	\$7,870	\$4,193,686
TECH	\$5,745,558	\$812,627	\$112,941	\$1,751,631*	\$32,600	\$8,455,357
Subtotal	\$73,555,525	\$12,508,000	\$1,341,530	\$26,714,329	\$490,470	\$114,482,854
AES	\$6,200,174	\$747,874	\$1,706,135	\$0	\$0	\$8,654,183
CES	\$2,069,202	\$0	\$1,946,508	\$0	\$0	\$4,015,710
FCES	\$639,696	\$0	\$0	\$0	\$0	\$639,696
BM&G	\$1,206,271	\$53,000	\$0	\$0	\$0	\$1,259,271
Subtotal	\$10,115,343	\$800,874	\$3,652,643	\$0	\$0	\$14,568,860
TOTAL	\$83,543,868	\$13,308,874	\$4,994,173	\$26,714,329	\$490,470	\$129,051,714

* Includes \$98,700 per year for special architecture fees.

** Includes \$398,700 per year for special law, pharmacy and physical therapy fees plus \$121,000 in FY90 and \$127,000 in FY91 for the Montana travel research program.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	773.45	776.45	750.89	750.89
Personal Services	26,309,777.38	26,721,943	26,362,278	26,367,879
Operating Expenses	8,758,985.47	9,014,852	8,593,616	8,617,525
Equipment	1,331,637.61	1,003,708	1,000,129	1,003,129
Capital Outlay	2,766.41	0	0	0
Transfers	39,791.00	0	0	0
Debt Service	6,831.20	0	0	0
Total Agency Costs	\$36,449,789.07	\$36,740,503	\$35,956,023	\$35,988,533
Current Unrestricted Fund	36,449,789.07	36,740,503	35,956,023	35,988,533
Total Funding Costs	\$36,449,789.07	\$36,740,503	\$35,956,023	\$35,988,533
Current Level Services	36,239,698.28	36,740,503	35,807,863	35,837,767
Modified Level Services	210,090.79	0	148,160	150,766
Total Service Costs	\$36,449,789.07	\$36,740,503	\$35,956,023	\$35,988,533

Agency Description

The University of Montana was chartered by the Montana Legislature in 1893. It now offers more than 40 major programs of study, about 15 inter-disciplinary programs at the undergraduate level, master's degree programs in more than 40 fields, and the Ph.D degree in ten: botany, chemistry (including biochemistry), forestry, geology, history, mathematics, microbiology, psychology, sociology and zoology. It also offers the Doctor of Education degree and a graduate professional degree (Juris Doctor) in law.

The core of the university is its College of Arts and Sciences. Complementing the college's programs are the graduate school and seven professional schools: Business Administration, Education, Fine Arts, Forestry, Journalism, Pharmacy and Allied Health Sciences, and Law.

In addition to research facilities within the schools and departments, the university maintains a number of specialized laboratories, institutes and research facilities: the Yellow Bay Biological Station; Montana Forest and Conser-

vation Experiment Station; Animal Behavior Laboratory; Institute for Social Research; Lubrecht Forest facilities for research and teaching; Wood Chemistry Laboratory; Bureau of Government Research; Bureau of Business and Economic Research; Bureau of Educational Research and Services; Stella Duncan Memorial Institute for Biomedical Research; Water Resources Research Program; Geology Field and Research Station at Dillon; the Speech, Hearing and Language Clinic; Montana Criminal Law Information Research Center and Montana Defender Project; Earthquake Laboratory; the Computer Center; the Environmental Studies Laboratory of the Botany Department; and the Wilderness Institute.

The University of Montana has primary responsibility for graduate instruction in business, the arts, humanities, social science and behavioral science, and shares this responsibility in the physical and biological sciences and the allied health professions. The programs in law, forestry, pharmacy, journalism, physical therapy and communication disorders are unique in the University System.

INSTRUCTION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	422.60	422.60	413.57	413.57
Personal Services	17,470,906.24	17,650,885	17,547,425	17,553,968
Operating Expenses	1,622,273.23	1,451,800	1,421,544	1,421,544
Equipment	88,878.06	101,024	163,751	163,751
Debt Service	6,831.20	0	0	0
Total Program Costs	\$19,188,888.73	\$19,203,709	\$19,132,720	\$19,139,263
Current Unrestricted Fund	19,188,888.73	19,203,709	19,132,720	19,139,263
Total Funding Costs	\$19,188,888.73	\$19,203,709	\$19,132,720	\$19,139,263
Current Level Services	19,034,131.05	19,203,709	18,984,560	18,988,497
Modified Level Services	154,757.68	0	148,160	150,766
Total Service Costs	\$19,188,888.73	\$19,203,709	\$19,132,720	\$19,139,263

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Budget Issues

Recommended funding for the Instruction Program is ninety-nine percent of the formula generated level for state support. This level of funding is consistent with the funding level established by the legislature for the 1989 biennium. Also consistent with the last biennium, vacancy savings was not applied. FTE levels for FY90 and FY91 reflect the FY88 level adjusted for the change in budgeted enrollments. The actual number of FTE are a matter of discretion at each unit. Consequently, the budgeted number of FTE, may or may not, correspond to the actual FTE employed at a unit.

As was noted in the general university system write-up, enrollment is based on the FY87 and FY88 actual average, which for UM is 7,759. This represents a three percent drop in enrollments from the FY88 level. The average faculty salary used to calculate faculty compensation is \$30,986. This is the same compensation rate as used for the last bien-

nium. The instructional support rate is a reflection of the FY89 rate of \$495.16.

Because of the decrease in enrollment numbers used for generating the FY88 budget versus the FY90 and FY91 budgets (FY88 = 7,996 FY90 = 7,759) there is a difference in funding for the Instruction Program. The appropriated level of funding for FY88 was \$19,143,786 and the recommended level of funding for FY90 is \$19,132,720 and for FY91 is \$19,139,263.

Additional funding authority is included in the Instruction Program for special fee revenue generated in the Law School (\$262,200), Pharmacy School (\$102,000), and Physical Therapy School (\$34,500). These fees are to be collected each year. These fees were approved by the Board of Regents at their April 28, 1987 meeting and are included in the recommended level of funding.

Modification Request

Last biennium, the legislature passed HB787 which provided \$163,000 of general fund to the Board of Regents to fund the extension, via satellite, of the university's Master of Business Administration program to the Billings, Montana area in cooperation with Eastern Montana College. The executive budget recommends the continuation of this program in the 1991 biennium. \$148,160 in FY90 and \$150,766 in FY91 is recommended to fund the continuation of this program.

**ORGANIZED RESEARCH
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	10.16	13.16	10.16	10.16
Personal Services	377,917.94	311,202	321,615	321,873
Operating Expenses	125,235.45	124,532	228,381	228,589
Equipment	52,651.44	10,800	4,884	4,884
Transfers	39,791.00	0	0	0
Total Program Costs	\$595,595.83	\$446,534	\$554,880	\$555,346
Current Unrestricted Fund	595,595.83	446,534	554,880	555,346
Total Funding Costs	\$595,595.83	\$446,534	\$554,880	\$555,346
Current Level Services	540,262.72	446,534	554,880	555,346
Modified Level Services	55,333.11	0	0	0
Total Service Costs	\$595,595.83	\$446,534	\$554,880	\$555,346

Program Description

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

Budget Issues

The recommended level of FTE in the Organized Research Program is 10.16 with suggested funding of \$321,615 in FY90 and \$321,873 in FY91. The appropriated level of FTE in FY88 included 3.00 contract professional and graduate research assistant FTE which were associated with HB599 (Yellow Bay). Funding for the Yellow Bay project does not continue into the 1991 biennium and consequently the FTE level is reduced. It is important to note that aggregate FTE levels in this program may vary between years with the personal service costs not corresponding with the fluctuations. This may happen because the program compensates individuals doing sponsored research and those

individuals and their compensation levels are not necessarily constant.

The recommended operating budget is approximately \$7,000 lower than actual FY88 expenditures. This change is offset by HB84 which appropriates \$120,000 for travel research. \$120,000 was also appropriated for FY88, but only an approximate \$7,100 was expended in operating costs.

The recommended allowance for equipment decreases from the FY88 appropriated level of \$10,800 to \$4,884 in each year of the 1991 biennium. The recommended funding is for laboratory equipment and software.

During the last legislative session HB84 established an accommodation tax which statutorily appropriated 2.5% of 98% of quarterly collections to the university system (UM being the Board of Regent designated recipient) for travel research. Research and funding will continue into the 1991 biennium with the estimated funding for UM, \$120,000 each year.

**PUBLIC SERVICE
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	4.51	4.51	4.69	4.69
Personal Services	131,527.09	161,043	145,922	145,965
Operating Expenses	34,227.21	34,091	34,232	34,292
Equipment	0.00	770	0	0
Total Program Costs	\$165,754.30	\$195,904	\$180,154	\$180,257
Current Unrestricted Fund	165,754.30	195,904	180,154	180,257
Total Funding Costs	\$165,754.30	\$195,904	\$180,154	\$180,257
Current Level Services	165,754.30	195,904	180,154	180,257
Total Service Costs	\$165,754.30	\$195,904	\$180,154	\$180,257

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural

resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution.

Such activities include seminars, projects, and support of various organizations established to provide services to the community.

Budget Issues

The FTE level increases by 0.18 from the FY88 level to accommodate a work study position. The recommended level of funding for personal services is \$145,922 in FY90 and \$145,965 in FY91.

Operating costs remain at approximately current level with the largest expenditure seen in contracted services. Included are: 1) audit costs for KUFM radio station, 2) a graphic artist to produce advertising brochures for the summer and Montana Repertory Theatre and, 3) KUFM engineering work.

There is no equipment requested.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	68.43	68.43	67.60	67.60
Personal Services	1,491,100.92	1,493,819	1,462,669	1,461,426
Operating Expenses	3,375,932.56	3,972,004	3,534,500	3,605,182
Equipment	202,759.86	65,000	31,000	34,000
Capital Outlay	2,766.41	0	0	0
Total Program Costs	\$5,072,559.75	\$5,530,823	\$5,028,169	\$5,100,608
Current Unrestricted Fund	5,072,559.75	5,530,823	5,028,169	5,100,608
Total Funding Costs	\$5,072,559.75	\$5,530,823	\$5,028,169	\$5,100,608
Current Level Services	5,072,559.75	5,530,823	5,028,169	5,100,608
Total Service Costs	\$5,072,559.75	\$5,530,823	\$5,028,169	\$5,100,608

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Budget Issues

The executive recommendation accepted the agency request and assumes 67.60 FTE for this program in each year of the 1991 biennium. The agency request for funding was \$30,532 more than the executive personal services recommendation.

The operating budget increases approximately \$158,568 from FY88 to FY90 due to inflation increases. There is also

a \$24,496 increase for consulting services as well as a \$24,209 increase for insurance.

UM had requested a \$13,147 increase for water and sewage for each year of the new biennium. The budget recommendation does not include this request.

\$65,000 was appropriated for equipment in FY88 with actual expenditures \$202,760 for the same time period. The executive budget recommends \$31,000 in FY90 and \$34,000 in FY91, to be spent at the unit's discretion.

The FY88 actual expenditures for this program was \$5,072,560 although \$5,388,983 was appropriated. The University chose to reduce the plant program to offset a decline in enrollment and reduced collections of tuition and fees. The executive recommendation for FY90 is \$5,028,169 and \$5,100,608 for FY91.

SCHOLARSHIPS & FELLOWSHIPS PGM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	1,173.52	0	0	0
Operating Expenses	953,076.86	985,218	956,607	956,607
Total Program Costs	\$954,250.38	\$985,218	\$956,607	\$956,607
Current Unrestricted Fund	954,250.38	985,218	956,607	956,607
Total Funding Costs	\$954,250.38	\$985,218	\$956,607	\$956,607
Current Level Services	954,250.38	985,218	956,607	956,607
Total Service Costs	\$954,250.38	\$985,218	\$956,607	\$956,607

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not

funds for which services to the institution must be rendered (e.g., payments for teaching).

Budget Issues

The executive budget established its level of funded fee waivers by averaging the actual expenditures for Scholarships and Fellowships in FY88 and the anticipated expenditures for Scholarships and Fellowships in FY89.

SUPPORT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	267.75	267.75	254.87	254.87
Personal Services	6,837,151.67	7,104,994	6,884,647	6,884,647
Operating Expenses	2,625,018.72	2,447,207	2,418,352	2,371,311
Equipment	987,348.25	826,114	800,494	800,494
Total Program Costs	\$10,449,518.64	\$10,378,315	\$10,103,493	\$10,056,452
Current Unrestricted Fund	10,449,518.64	10,378,315	10,103,493	10,056,452
Total Funding Costs	\$10,449,518.64	\$10,378,315	\$10,103,493	\$10,056,452
Current Level Services	10,449,518.64	10,378,315	10,103,493	10,056,452
Total Service Costs	\$10,449,518.64	\$10,378,315	\$10,103,493	\$10,056,452

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institu-

tion and include executive and fiscal management, general administrative services, logistical services, and community relations.

Budget Issues

The Support Program is funded at ninety-two percent of the formula driven level of funding for both years. Ninety-two percent reflects the FY89 level of funding for support. The support cost per FYFTE is also consistent with the support level assumed last biennium: \$1,396.

This program includes audit costs which are supported at fifty percent from current unrestricted funds and fifty percent from sources other than current unrestricted.

The recommended FTE levels are derived on the historical split between personal services and operations and may or may not reflect actual FTE in this program. The actual FTE level is at the discretion of each unit.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	963.00	963.00	931.99	931.99
Personal Services	32,374,384.79	32,619,224	33,376,131	33,382,922
Operating Expenses	9,207,977.87	9,906,369	9,738,546	9,820,066
Equipment	1,789,945.19	1,312,360	1,502,292	1,502,292
Capital Outlay	498,489.17	0	0	0
Debt Service	15,151.09	0	0	0
Total Agency Costs	\$43,885,948.11	\$43,837,953	\$44,616,969	\$44,705,280
Current Unrestricted Fund	43,885,948.11	43,837,953	44,616,969	44,705,280
Total Funding Costs	\$43,885,948.11	\$43,837,953	\$44,616,969	\$44,705,280
Current Level Services	43,835,948.07	43,837,953	44,616,969	44,705,280
Modified Level Services	50,000.04	0	0	0
Total Service Costs	\$43,885,948.11	\$43,837,953	\$44,616,969	\$44,705,280

Agency Description

Montana State University was founded in 1893 as the Agricultural College of the State of Montana.

Instruction leading to the bachelor's degree is offered in 47 fields, with graduate instruction in 37 fields at the master's level and in 19 fields at the doctoral level. The academic program emphasizes the professions of agriculture, architecture, business, engineering, education and nursing, in addition to the arts, humanities, biological, physical and social sciences. Degree programs in biological, physical and social sciences are offered and in addition contribute significantly to the professional curricula. The university has a major role in the integration and development of health professional education and research. The professional programs in agriculture, nursing, architecture and medicine are unique in the University System.

The research programs and specialized facilities of the university include the Agricultural Experiment Stations at eight

locations in the state; the Engineering Experiment Station; Computing Center; Museum of the Rockies; Institute of Process Analysis; Foothills Nature Area; Statistical Center; Montana University Joint Water Resources Research Center; and the Bureau of Educational Research and Field Services. Major research areas include agriculture, engineering, and the biomedical and physical sciences with large programs in surface physics and material science.

The Cooperative Extension Service is attached to the university. Financial support for its operation comes from county, state and federal governments. County agents and specialists channel information to Montanans to aid in solving home, farm and community problems. The Continuing Education Program extends the educational facilities of the university to the citizens of the state by providing off-campus instruction in the form of courses, institutes and conferences for individuals not regularly enrolled at Montana State University.

INSTRUCTION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	537.81	537.81	541.99	541.99
Personal Services	21,665,116.00	22,404,051	22,948,580	22,953,765
Operating Expenses	1,937,898.88	2,082,939	2,134,363	2,134,363
Equipment	276,075.05	4,873	4,758	4,758
Capital Outlay	12,371.41	0	0	0
Debt Service	5,508.60	0	0	0
Total Program Costs	\$23,896,969.94	\$24,491,863	\$25,087,701	\$25,092,886
Current Unrestricted Fund	23,896,969.94	24,491,863	25,087,701	25,092,886
Total Funding Costs	\$23,896,969.94	\$24,491,863	\$25,087,701	\$25,092,886
Current Level Services	23,896,969.94	24,491,863	25,087,701	25,092,886
Total Service Costs	\$23,896,969.94	\$24,491,863	\$25,087,701	\$25,092,886

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree.

Budget Issues

The recommended funding for the Instruction Program is ninety-nine percent of the amount generated per the funding formula. This level of funding is consistent with FY88 funding for the Instruction Program. Also consistent with the last biennium, vacancy savings was not applied. FTE levels for FY90 and FY91 reflect the FY88 level adjusted for the change in budgeted enrollments. Consequently, the budgeted number of FTE, may or may not, correspond to the actual FTE employed at the unit.

As was explained in the general university system write-up, enrollment is based on a two year actual average, which is

9,476 for MSU; representing a 1.6 percent increase in enrollment from the FY88 funded level. Average faculty salary used to calculate faculty compensation is \$30,986. The instructional support rate is \$633.30. Again, these rates are consistent with the rate used last biennium.

Due to the increase in budgeted enrollment numbers used to generate the FY90-91 funding level versus the FY88 level, funding increases for MSU. The appropriated level of funding for instruction in FY88 was \$24,865,107 and recommended funding for FY90 is \$25,087,701 and for FY91 is \$25,092,886.

MSU also has additional funding authority included in the Instruction Program for special fee revenue generated in the architecture and interior design programs. Fees estimated to total \$98,700 will be collected each year of the biennium. These fees were approved by the Board of Regents at their April 28, 1987 meeting and are included in the recommended level of funding.

ORGANIZED RESEARCH Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	14.15	14.15	14.53	14.53
Personal Services	410,985.79	450,156	422,564	422,853
Operating Expenses	104,401.94	144,569	104,336	104,284
Equipment	82,354.11	3,200	82,354	82,354
Total Program Costs	\$597,741.84	\$597,925	\$609,254	\$609,491
Current Unrestricted Fund	597,741.84	597,925	609,254	609,491
Total Funding Costs	\$597,741.84	\$597,925	\$609,254	\$609,491
Current Level Services	597,741.84	597,925	609,254	609,491
Total Service Costs	\$597,741.84	\$597,925	\$609,254	\$609,491

Program Description

This program includes all unrestricted funds expended for research activities by an organizational unit within the university.

Budget Issues

The recommended FTE level for FY90 and FY91 is 14.58 with a funding increase of \$11,578 from actual FY88 expenditures and increases \$11,868 from FY88 to FY91. It should be noted that the aggregate FTE levels in this pro-

gram may vary between years with the personal services costs not corresponding with the fluctuations. This may happen because the program compensates individuals doing sponsored research and those individuals and their compensation levels may or may not be constant. A two percent vacancy savings rate was applied to this program.

There is virtually no change in the operating budget from FY88 to FY90 and equipment remains at current level.

The current unrestricted appropriated funds make up about eight percent of the total costs of this program.

PUBLIC SERVICE Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.12	.12	.22	.22
Personal Services	11,875.81	6,300	9,554	9,557
Operating Expenses	0.00	4,000	0	0
Total Program Costs	\$11,875.81	\$10,300	\$9,554	\$9,557
Current Unrestricted Fund	11,875.81	10,300	9,554	9,557
Total Funding Costs	\$11,875.81	\$10,300	\$9,554	\$9,557
Current Level Services	11,875.81	10,300	9,554	9,557
Total Service Costs	\$11,875.81	\$10,300	\$9,554	\$9,557

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of

various organizations established to provide services to the community.

Budget Issues

The recommended FTE level for FY90 and FY91 is .22 FTE. This is an increase from FY88 of .12 FTE. However, no hourly wages are included in the recommended budget. A two percent vacancy savings rate was applied. FY88 expenditures are slightly inflated due to Shakespeare In The Park presentation.

No operating or equipment expenses are included in the executive budget.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	77.81	77.81	77.81	77.81
Personal Services	1,536,678.95	1,678,844	1,716,362	1,717,676
Operating Expenses	3,337,666.77	3,954,412	3,684,455	3,813,068
Equipment	143,359.09	63,066	143,359	143,359
Capital Outlay	484,986.03	0	0	0
Total Program Costs	\$5,502,690.84	\$5,696,322	\$5,544,176	\$5,674,103
Current Unrestricted Fund	5,502,690.84	5,696,322	5,544,176	5,674,103
Total Funding Costs	\$5,502,690.84	\$5,696,322	\$5,544,176	\$5,674,103
Current Level Services	5,502,690.84	5,696,322	5,544,176	5,674,103
Total Service Costs	\$5,502,690.84	\$5,696,322	\$5,544,176	\$5,674,103

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals.

It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Budget Issues

The recommended FTE level for this program remains at the FY88 level. FY90 and FY91 personal service costs increase over FY88 because FY88 actual expenditures were \$135,888 under the appropriated level.

Operating costs increase in large part to inflation which adds \$262,711 in FY90 and \$363,145 in FY91, insurance and bonds which increase \$44,651 from the FY88 level, and water and sewage which was budgeted at \$15,358 above the FY88 level.

Equipment remains at current level.

SCHOLARSHIPS & FELLOWSHIPS PGM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	1,070,455.50	1,106,723	1,090,188	1,090,188
Total Program Costs	\$1,070,455.50	\$1,106,723	\$1,090,188	\$1,090,188
Current Unrestricted Fund	1,070,455.50	1,106,723	1,090,188	1,090,188
Total Funding Costs	\$1,070,455.50	\$1,106,723	\$1,090,188	\$1,090,188
Current Level Services	1,070,455.50	1,106,723	1,090,188	1,090,188
Total Service Costs	\$1,070,455.50	\$1,106,723	\$1,090,188	\$1,090,188

Program Description

This program includes expenditures for mandatory and discretionary fee waivers.

fiscal year revenue collections and then multiplying by the current formula factors: 5.75 percent of total in-state student collections and 18.45 percent of the non-resident fee collections.

Budget Issues

The level of funding recommended for Scholarships and Fellowships was calculated by averaging the previous two

SUPPORT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	333.11	333.11	297.44	297.44
Personal Services	8,749,728.24	8,079,873	8,279,071	8,279,071
Operating Expenses	2,757,554.78	2,613,726	2,725,204	2,678,163
Equipment	1,288,156.94	1,241,221	1,271,821	1,271,821
Capital Outlay	1,131.73	0	0	0
Debt Service	9,642.49	0	0	0
Total Program Costs	\$12,806,214.18	\$11,934,820	\$12,276,096	\$12,229,055
Current Unrestricted Fund	12,806,214.18	11,934,820	12,276,096	12,229,055
Total Funding Costs	\$12,806,214.18	\$11,934,820	\$12,276,096	\$12,229,055
Current Level Services	12,756,214.14	11,934,820	12,276,096	12,229,055
Modified Level Services	50,000.04	0	0	0
Total Service Costs	\$12,806,214.18	\$11,934,820	\$12,276,096	\$12,229,055

Program Description

This program includes expenditures for the administrative/support functions of the University.

Academic support - These activities include services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration, and course and curriculum development.

Student services - These activities include admissions, registrar, counseling and career guidance, financial aid, and intercollegiate athletics.

Institutional support - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

Budgt Issues

The Support Program is funded at ninety-two percent of the formula driven level of funding for both years of the biennium. Ninety-two percent is consistent with the FY89 level of funding. The FYFTE level is based on a two year actual average and the support cost per FYFTE is the same support level assumed last biennium, \$1,396.

Actual FY88 expenditures included \$163,977 for the Museum of the Rockies. Current unrestricted support for the museum does not carry into FY90 and FY91.

This program includes audit costs which are supported at fifty percent current unrestricted funds and fifty percent from sources other than current unrestricted.

The recommended FTE level are derived on the historical split between personal services and operations and may or may not reflect actual FTE in this program. The actual FTE level is at the discretion of each unit.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	221.03	221.03	205.13	205.13
Personal Services	6,903,497.56	6,905,576	6,920,662	6,922,049
Operating Expenses	2,290,540.35	2,545,483	2,605,770	2,579,988
Equipment	282,129.89	174,408	211,491	212,591
Debt Service	44,105.84	0	0	0
Total Agency Costs	\$9,520,273.64	\$9,625,467	\$9,737,923	\$9,714,628
Current Unrestricted Fund	9,520,273.64	9,625,467	9,737,923	9,714,628
Total Funding Costs	\$9,520,273.64	\$9,625,467	\$9,737,923	\$9,714,628
Current Level Services	9,520,273.64	9,625,467	9,737,923	9,714,628
Total Service Costs	\$9,520,273.64	\$9,625,467	\$9,737,923	\$9,714,628

Agency Description

Montana College of Mineral Science and Technology was established in 1893 as the Montana School of Mines. From the beginning, special emphasis has been placed upon the four main branches of mineral technology — exploration, production, processing and refining. The faculty of the college and the Montana Bureau of Mines and Geology, a department of the college, also contribute to basic research and innovative approaches to problem solving in the mineral industry.

Bachelor's and Master's programs are offered in engineering science and metallurgical, mineral processing, mining and petroleum engineering. A bachelor's program is offered in environmental, geological and geophysical engineering, and a master's degree is offered in geoscience with options in

geochemistry, hydrology, hydrogeological engineering, geology, geological engineering, geophysical engineering and mineral economics. Bachelor's degree programs are also offered in business (until 1990), chemistry, mathematics, occupational safety and health, and society and technology. Also offered are general associates degrees in arts, science and engineering.

The college provides services to state government and the citizens of the state by developing, gathering, analyzing, cataloging and disseminating information concerning the location and development of the mineral and energy resources and related resources of the state. This mission is the major responsibility of the Montana Bureau of Mines and Geology. In addition to research activities of individual faculty members, the college has been designated one of 31 national Mining and Mineral Resource Research Institutes.

INSTRUCTION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	87.46	87.46	89.04	89.04
Personal Services	3,635,952.03	3,533,181	3,616,965	3,617,882
Operating Expenses	397,710.42	529,017	538,537	538,537
Equipment	43,017.93	22,876	23,273	23,273
Debt Service	44,105.84	0	0	0
Total Program Costs	\$4,120,786.22	\$4,085,074	\$4,178,775	\$4,179,692
Current Unrestricted Fund	4,120,786.22	4,085,074	4,178,775	4,179,692
Total Funding Costs	\$4,120,786.22	\$4,085,074	\$4,178,775	\$4,179,692
Current Level Services	4,120,786.22	4,085,074	4,178,775	4,179,692
Total Service Costs	\$4,120,786.22	\$4,085,074	\$4,178,775	\$4,179,692

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the

primary assignment is administration (academic division deans).

Budget Issues

As with every unit in the University system, the recommended funding for the Instruction Program is ninety-nine percent of the level generated by the formula. This funding

level is consistent with the percent of the formula used in the 1989 biennium. Also consistent with the last biennium, vacancy savings was not applied to the Instruction Program. FTE levels for FY90 and FY91 reflect the FY88 level adjusted for the change in budgeted enrollments. Consequently, the budgeted number of FTE, may or may not, correspond to the actual FTE employed at a unit.

Enrollment used for budgeting the 1991 biennium is based on the FY87 and FY88 actual average, which for Tech is 1,578. This projected enrollment represents a 1.8 percent increase from the FY88 enrollment. The average faculty salary used to calculate faculty compensation is \$29,996.

The instructional support rate used for Montana Tech is \$633.92. (Rates used at MSU and Tech are higher than the other units due to the added expense associated with engineering programs.) Again, the compensation rates used reflect rates from the 1988-1989 biennium.

Due to the increase in enrollment numbers used for generating the FY88 budget versus the FY90 and FY91 budgets (FY88 = 1,550 FY90 = 1,578) there is a slight increase in funding for the Instruction program. The appropriated level of funding for FY88 was \$4,078,148 and the recommended level of funding for FY90 is \$4,178,775 and for FY91 is \$4,179,692.

ORGANIZED RESEARCH Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	1.26	1.26	.72	.72
Personal Services	13,716.51	34,210	30,608	30,643
Operating Expenses	12,127.00	9,457	10,781	10,815
Equipment	526.25	80	0	1,500
Total Program Costs	\$26,369.76	\$43,747	\$41,389	\$42,958
Current Unrestricted Fund	26,369.76	43,747	41,389	42,958
Total Funding Costs	\$26,369.76	\$43,747	\$41,389	\$42,958
Current Level Services	26,369.76	43,747	41,389	42,958
Total Service Costs	\$26,369.76	\$43,747	\$41,389	\$42,958

Program Description

This program includes all funds expended for activities specifically organized for research purposes and commissioned either by an agency outside of the institution or separately budgeted by an organizational unit within the institution.

Budget Issues

The recommended FTE level in the Organized Research Program decreases by 0.54 FTE; however, the recommended level of funding for personal services increases \$16,892 from actual FY88 expenditures to FY90. The discrepancy between actual FY88 versus recommended FY90 can be attributed to a reorganization whereby the salary of a Direc-

tor of Research is funded sixty-six percent with appropriated funds in this program and thirty-four percent with non-appropriated designated funds. A two percent vacancy savings rate is included in the recommendation.

The operating budget for FY90 is approximately \$1,346 less than the amount expended in FY88. Decreases occur because of actual expenditures in FY88 which were removed from the base when preparing the executive budget. These include, \$125 for telephone add, move and change, \$11 for entertainment and \$1,753 for job candidate expenses. Inflationary increases offset the difference.

The equipment budget allows \$1,500 in FY91 for a replacement terminal and printer.

OPERATION & MAINT OF PLANT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	36.58	36.58	31.68	31.68
Personal Services	790,793.32	881,819	809,335	809,181
Operating Expenses	612,423.62	727,021	691,771	710,612
Equipment	19,640.22	17,300	35,000	31,000
Total Program Costs	\$1,422,857.16	\$1,626,140	\$1,536,106	\$1,550,793
Current Unrestricted Fund	1,422,857.16	1,626,140	1,536,106	1,550,793
Total Funding Costs	\$1,422,857.16	\$1,626,140	\$1,536,106	\$1,550,793
Current Level Services	1,422,857.16	1,626,140	1,536,106	1,550,793
Total Service Costs	\$1,422,857.16	\$1,626,140	\$1,536,106	\$1,550,793

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Budget Issues

The executive budget reflects the agency requested FTE level for the Operation and Plant Program of 31.68 FTE. This represents a decrease of 4.90 FTE from the appropriated FY88 level. Recommended funding for personal services in FY90 is \$809,335. (It is important to note that while the number of FTE's decreased, there was a increase

of \$43,661 for hourly wages recommended for FY90 verses the actual expenditures for hourly wages in FY88.) A two percent vacancy savings rate was applied for FY90. Total personal services increased \$18,542 from FY88 actual to FY90.

The operating budget for FY90 remains essentially at current level but increases by \$79,347 and \$98,188 from FY88 to FY90 and FY91 respectively as a result of inflation, insurance costs and minor base adjustments.

\$35,000 is recommended for equipment expenditures for FY90 and \$31,000 for FY91. The FY90 request includes a forty foot capacity portable man lift for \$20,000. A ¾ ton pickup truck with snowplow for \$20,000 is included in the FY91 recommendation.

Overall, the recommended budget for FY90 reflects an increase of \$113,249 over actual FY88 expenditures for the program.

SCHOLARSHIPS & FELLOWSHIPS PGM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	261,751.50	202,189	266,801	266,801
Total Program Costs	\$261,751.50	\$202,189	\$266,801	\$266,801
Current Unrestricted Fund	261,751.50	202,189	266,801	266,801
Total Funding Costs	\$261,751.50	\$202,189	\$266,801	\$266,801
Current Level Services	261,751.50	202,189	266,801	266,801
Total Service Costs	\$261,751.50	\$202,189	\$266,801	\$266,801

Program Description

This program applies only to scholarships given as tuition and fee waivers.

Budget Issues

The executive budget established its level of funded fee waivers by averaging the actual expenditures for Scholarships and Fellowships in FY88 and the anticipated expenditures for Scholarships and Fellowships in FY89.

INDEPENDENT OPERATIONS
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	26.43	26.43	25.44	25.44
Personal Services	885,960.74	894,624	880,164	880,753
Operating Expenses	331,692.70	368,024	332,517	333,518
Equipment	60,848.55	23,875	41,400	45,000
Total Program Costs	\$1,278,501.99	\$1,286,523	\$1,254,081	\$1,259,271
Current Unrestricted Fund	1,278,501.99	1,286,523	1,254,081	1,259,271
Total Funding Costs	\$1,278,501.99	\$1,286,523	\$1,254,081	\$1,259,271
Current Level Services	1,278,501.99	1,286,523	1,254,081	1,259,271
Total Service Costs	\$1,278,501.99	\$1,286,523	\$1,254,081	\$1,259,271

Program Description

This program consists of the Bureau of Mines and Geology, which is charged with furthering the effective utilization of mineral resources through the investigation of their geology, production, treatment and economics. It disseminates information through publications and by replies to individual inquiries.

Bureau funds and projects are apportioned between basic research and public service. Its work comprises field and laboratory study, collection of samples and information, interpretation of data, and compilation of statistics on all mineral resources - metallic and non-metallic minerals, fuels, and groundwater. Projects are undertaken in cooperation with the U.S. Geological Survey, the U.S. Bureau of Mines, and other agencies.

Budget Issues

The recommended budget includes the same level of FTE for the Bureau of Mines and Geology as the agency requested. The executive recommendation includes \$880,164 in FY90 for personal services representing a reduction of \$5,797 from actual FY88 expenditures for personal services. A two percent vacancy savings rate is included in the recommendation.

The operating budget increases \$825 in FY90 and \$1,825 in FY91 as compared to actual FY88 expenditures, mainly as a result of inflation increases.

The executive budget recommends \$41,400 in FY90 and \$45,000 in FY91 for equipment. The appropriated levels for equipment were \$22,075 in FY88 and \$23,875 in FY89.

SUPPORT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	69.30	69.30	58.25	58.25
Personal Services	1,577,074.96	1,561,742	1,583,590	1,583,590
Operating Expenses	674,835.11	709,775	765,363	719,705
Equipment	158,096.94	110,277	111,818	111,818
Total Program Costs	\$2,410,007.01	\$2,381,794	\$2,460,771	\$2,415,113
Current Unrestricted Fund	2,410,007.01	2,381,794	2,460,771	2,415,113
Total Funding Costs	\$2,410,007.01	\$2,381,794	\$2,460,771	\$2,415,113
Current Level Services	2,410,007.01	2,381,794	2,460,771	2,415,113
Total Service Costs	\$2,410,007.01	\$2,381,794	\$2,460,771	\$2,415,113

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and

personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general

administrative services, logistical services, and community relations.

Budget Issues

The Support Program is funded at ninety-two percent of the formula driven level of funding for each year of the biennium. Ninety-two percent reflects the same level of funding used in FY89. The support cost per FYFTE is also consistent with the support level assumed last biennium: \$1,650.

This program includes audit costs which are assumed to be supported at seventy-five percent current unrestricted funds and twenty-five percent from sources other than current unrestricted.

The recommended FTE levels are derived on the historical split between personal services and operations and may or may not reflect actual FTE in this program. The actual FTE level is at the discretion of each unit.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	323.46	323.46	316.17	316.17
Personal Services	9,134,756.22	9,416,200	9,677,917	9,681,959
Operating Expenses	3,805,585.38	3,811,150	3,886,441	3,864,254
Equipment	420,248.72	200,667	240,696	241,496
Total Agency Costs	\$13,360,590.32	\$13,428,017	\$13,805,054	\$13,787,709
Current Unrestricted Fund	13,360,590.32	13,428,017	13,805,054	13,787,709
Total Funding Costs	\$13,360,590.32	\$13,428,017	\$13,805,054	\$13,787,709
Current Level Services	13,360,590.32	13,428,017	13,805,054	13,787,709
Total Service Costs	\$13,360,590.32	\$13,428,017	\$13,805,054	\$13,787,709

Agency Description

Eastern Montana College was established in 1927 with an initial authorization to prepare teachers for the elementary schools. The establishment of the college was in response to needs expressed by citizens in the eastern part of the state, because all the existing institutions of higher education were in the western half. Eastern Montana College is a comprehensive state college with programs in the liberal arts,

teacher training, business and human services. Graduate programs through the master's level are offered in teacher training, special education and related areas. The programs in special education and rehabilitation are unique in the University System. The Continuing Education Program gives the student an opportunity to learn the newest developments in his field of study and to explore newly emerging areas of interest and concern.

INSTRUCTION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	170.54	170.54	175.92	175.92
Personal Services	5,606,632.88	5,866,942	6,089,523	6,092,498
Operating Expenses	561,917.27	696,918	719,157	719,157
Equipment	104,665.79	48,269	49,846	49,846
Total Program Costs	\$6,273,215.94	\$6,612,129	\$6,858,526	\$6,861,501
Current Unrestricted Fund	6,273,215.94	6,612,129	6,858,526	6,861,501
Total Funding Costs	\$6,273,215.94	\$6,612,129	\$6,858,526	\$6,861,501
Current Level Services	6,273,215.94	6,612,129	6,858,526	6,861,501
Total Service Costs	\$6,273,215.94	\$6,612,129	\$6,858,526	\$6,861,501

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Budget Issues

The executive budget recommends that the formula be funded at ninety-nine percent of the Instruction Program. This is the same funding level established by the legislature for the 1989 biennium. Also consistent with the last biennium, vacancy savings was not applied. FTE levels for FY90 and FY91 reflect the FY88 level adjusted for the change in

budgeted enrollments. Consequently, the budgeted number of FTE, may or may not, correspond to the actual FTE employed at a unit.

Enrollment used for budgeting is based on the FY87 and FY88 actual average, which for EMC is 3,300. This represents a 3.2 percent increase from FY88. The average faculty salary used to calculate faculty compensation is \$27,722 (same as FY88) and the instructional support rate is \$410.15 (same as FY89).

The increase in budgeted enrollment numbers used to generate FY90 and FY91 funding caused an increase in funding for the 1991 biennium. The recommended level of funding for the Instruction Program in FY90 is \$6,858,526 and for FY91 is \$6,861,501 while appropriated funding for FY88 was \$6,602,051.

**PUBLIC SERVICE
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	6.14	6.14	7.23	7.23
Personal Services	172,057.60	189,608	169,584	169,672
Operating Expenses	66,011.40	39,329	62,925	63,041
Equipment	10,926.73	2,510	0	0
Total Program Costs	\$248,995.73	\$231,447	\$232,509	\$232,713
Current Unrestricted Fund	248,995.73	231,447	232,509	232,713
Total Funding Costs	\$248,995.73	\$231,447	\$232,509	\$232,713
Current Level Services	248,995.73	231,447	232,509	232,713
Total Service Costs	\$248,995.73	\$231,447	\$232,509	\$232,713

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution. Such activities include seminars, projects, and support of various organizations established to provide services to the community. The 1983 Legislature included funding for the Montana Center for Handicapped Children.

Budget Issues

The budget includes an increase of 1.09 FTE from the appropriated FY88 level. The recommended budget includes a two percent vacancy savings rate.

The operating budget for FY90 is \$3,086 less and FY91 is \$2,970 less than actual expenditures for FY88. There were reductions in travel expenditures, registration fees, and MDU power which had a negative inflation factor attached to it in FY90.

There is no recommendation for equipment expenditures in the 1991 biennium.

**OPERATION & MAINT OF PLANT
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	30.98	30.98	27.00	27.00
Personal Services	587,380.73	622,514	594,086	595,065
Operating Expenses	1,362,171.87	1,454,204	1,412,729	1,436,084
Equipment	76,963.96	8,076	44,500	45,300
Total Program Costs	\$2,026,516.56	\$2,084,794	\$2,051,315	\$2,076,449
Current Unrestricted Fund	2,026,516.56	2,084,794	2,051,315	2,076,449
Total Funding Costs	\$2,026,516.56	\$2,084,794	\$2,051,315	\$2,076,449
Current Level Services	2,026,516.56	2,084,794	2,051,315	2,076,449
Total Service Costs	\$2,026,516.56	\$2,084,794	\$2,051,315	\$2,076,449

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Budget Issues

FTE in the Operation and Maintenance of Plant Program appear to decrease by 3.98 in FY90 from FY88. However,

EMC requested that the salary and benefits of part time maintenance workers be included in "hourly wages" without listing the positions as part of the total FTE count. A two percent vacancy savings rate was applied to this program. Budgeted personal services increase over FY88 actual expenditures by \$6,705 and \$7,684 in FY90 and FY91 respectively.

Increases to the operating budget are derived from inflation.

The program was appropriated \$8,076 for equipment in FY88 and FY89. The executive recommendation for equipment is \$44,500 in FY90 and \$45,300 in FY91. Included is \$15,500 in FY90 and \$15,800 in FY91 for shop and indus-

trial equipment and \$15,000 each year of the 1991 biennium for computer equipment.

Overall, the executive budget shows an increase from actual FY88 expenditures of \$24,799 and \$49,933 in FY90 and FY91 respectively.

SCHOLARSHIPS & FELLOWSHIPS PGM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	322,519.75	353,099	337,810	337,810
Total Program Costs	\$322,519.75	\$353,099	\$337,810	\$337,810
Current Unrestricted Fund	322,519.75	353,099	337,810	337,810
Total Funding Costs	\$322,519.75	\$353,099	\$337,810	\$337,810
Current Level Services	322,519.75	353,099	337,810	337,810
Total Service Costs	\$322,519.75	\$353,099	\$337,810	\$337,810

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not

funds for which services to the institution must be rendered (e.g., payments for teaching).

Budget Issues

The executive budget estimates the level of fee waivers for scholarships and fellowships based on an average of actual FY88 fee waivers and estimated fee waivers for FY89. The 3.2 percent increase in enrollment from FY88 to FY90 is evident in the increased funding.

SUPPORT Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	115.80	115.80	106.02	106.02
Personal Services	2,768,685.01	2,737,136	2,824,724	2,824,724
Operating Expenses	1,492,965.09	1,267,600	1,353,820	1,308,162
Equipment	227,692.24	141,812	146,350	146,350
Total Program Costs	\$4,489,342.34	\$4,146,548	\$4,324,894	\$4,279,236
Current Unrestricted Fund	4,489,342.34	4,146,548	4,324,894	4,279,236
Total Funding Costs	\$4,489,342.34	\$4,146,548	\$4,324,894	\$4,279,236
Current Level Services	4,489,342.34	4,146,548	4,324,894	4,279,236
Total Service Costs	\$4,489,342.34	\$4,146,548	\$4,324,894	\$4,279,236

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

Budget Issues

The executive budget funds the Support Program at ninety-two percent of the formula for each year of the biennium.

Ninety-two percent reflects the FY89 level of funding for support. The support cost per FYFTE is also consistent with the level assumed last biennium: \$1,387.

This program includes audit costs which are supported at seventy five percent current unrestricted funds and twenty-five percent from other sources.

The recommended FTE levels are derived on the historical split between personal services and operations and may or may not reflect actual FTE in this program. The actual FTE level is at the discretion of each unit.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	189.74	189.74	187.96	187.96
Personal Services	5,387,101.34	5,908,269	5,471,402	5,470,652
Operating Expenses	2,030,910.14	1,943,858	1,882,977	1,860,686
Equipment	365,711.78	137,298	132,951	132,951
Total Agency Costs	\$7,783,723.26	\$7,989,425	\$7,487,330	\$7,464,289
Current Unrestricted Fund	7,783,723.26	7,989,425	7,487,330	7,464,289
Total Funding Costs	\$7,783,723.26	\$7,989,425	\$7,487,330	\$7,464,289
Current Level Services	7,783,723.26	7,989,425	7,487,330	7,464,289
Total Service Costs	\$7,783,723.26	\$7,989,425	\$7,487,330	\$7,464,289

Agency Description

Northern Montana College was authorized by the legislature in 1913, but did not open for instruction until 1929. Northern has been a regional, multi-purpose institution from its inception, offering pre-professional and professional courses of study in the liberal arts and sciences, teacher education, and vocational technical studies. Northern has sole responsibility in the Montana University System for vocational-technical education, primary responsibilities for vocational

teacher training, and offers the Bachelor of Technology degree for students who wish to combine a liberal arts background with vocational training. Further, Northern has the sole responsibility for meeting the certification needs of the state through an itinerant vocational teacher-education program. Northern offers master's degrees in elementary education, vocational-technical education, and industrial arts as well as bachelor's degrees in elementary, secondary and vocational-technical education.

INSTRUCTION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	113.91	113.91	109.16	109.16
Personal Services	3,269,477.70	3,857,816	3,539,523	3,539,747
Operating Expenses	446,441.78	472,483	445,447	445,447
Equipment	210,791.00	24,387	23,019	23,019
Total Program Costs	\$3,926,710.48	\$4,354,686	\$4,007,989	\$4,008,213
Current Unrestricted Fund	3,926,710.48	4,354,686	4,007,989	4,008,213
Total Funding Costs	\$3,926,710.48	\$4,354,686	\$4,007,989	\$4,008,213
Current Level Services	3,926,710.48	4,354,686	4,007,989	4,008,213
Total Service Costs	\$3,926,710.48	\$4,354,686	\$4,007,989	\$4,008,213

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Budget Issues

Recommended funding for the Instruction Program is ninety-nine percent of the formula generated level. This is the same level of funding established by the legislature for the 1989 biennium. Also consistent with the last biennium, vacancy savings is not applied. FTE levels for FY90 and FY91 reflect the FY88 level adjusted for the change in bud-

geted enrollments. The actual number of FTE are a matter of discretion at each unit. Consequently, the budgeted number of FTE, may or may not, correspond to the actual FTE employed at a unit.

As was noted in the general university system write-up, enrollment is based on the FY87 and FY88 actual average, which for NMC is 1,631. This enrollment figure represents a four percent decrease from FY88. The average faculty salary used to calculate faculty compensation is \$27,495 and the instructional support rate is \$467.42. Both of these rates are consistent with rates used in the 1989 biennium.

The decrease in enrollment is reflected in the funding generated by the enrollment driven formula. The appropriation for the Instruction program for FY88 was \$4,276,792 and the recommended level of funding for FY90 is \$4,007,989

and for FY91 is \$4,008,213. This is a decrease of \$268,803 and \$268,579 respectively.

PUBLIC SERVICE Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	.10	.10	.00	.00
Personal Services	267.24	7,896	0	0
Operating Expenses	0.00	995	8,891	8,891
Equipment	9,556.20	0	0	0
Total Program Costs	\$9,823.44	\$8,891	\$8,891	\$8,891
Current Unrestricted Fund	9,823.44	8,891	8,891	8,891
Total Funding Costs	\$9,823.44	\$8,891	\$8,891	\$8,891
Current Level Services	9,823.44	8,891	8,891	8,891
Total Service Costs	\$9,823.44	\$8,891	\$8,891	\$8,891

Program Description

The objective of the Public Service Program is to assist the community and state in community planning and development, urban planning, professional certification, natural resources, business, education, agriculture, industry, health and recreation. This program includes all funds budgeted specifically for extension and public service and expended for activities established primarily to provide noninstructional services to groups outside the institution.

Such activities include seminars, projects, and support of various organizations established to provide services to the community.

Budget Issues

NMC chose to eliminate all funding for personal services in conjunction with 0.10 FTE and utilize contract services for all expenditures. The recommended funding for FY90 and FY91 is identical to the FY88 appropriation.

OPERATION & MAINT OF PLANT Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	20.75	20.75	20.75	20.75
Personal Services	453,279.48	440,097	413,827	412,853
Operating Expenses	603,641.75	691,142	648,546	664,649
Equipment	19,444.32	15,338	17,500	17,500
Total Program Costs	\$1,076,365.55	\$1,146,577	\$1,079,873	\$1,095,002
Current Unrestricted Fund	1,076,365.55	1,146,577	1,079,873	1,095,002
Total Funding Costs	\$1,076,365.55	\$1,146,577	\$1,079,873	\$1,095,002
Current Level Services	1,076,365.55	1,146,577	1,079,873	1,095,002
Total Service Costs	\$1,076,365.55	\$1,146,577	\$1,079,873	\$1,095,002

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Budget Issues

The executive budget recommends that the FTE level for this program remain at current level. Funding for personal services decreases \$39,452 in FY90 as compared to FY88. This is due to a reduction in the funds the agency requested for hourly workers coupled with a reduction in the benefits as computed by the executive budget system. Also, the two percent vacancy rate was applied.

Increases to the operating budget are inflation driven.

\$17,500 for equipment is included in the executive budget for each year of the 1991 biennium. A vehicle in each fiscal

year is included (\$7,000), plus \$3,500 each year for household equipment, and \$7,000 each year for industrial equip-

ment. The appropriated equipment level in FY88 and FY89 was \$15,337.

SCHOLARSHIPS & FELLOWSHIPS PGM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	253,839.30	271,722	260,916	260,916
Total Program Costs	\$253,839.30	\$271,722	\$260,916	\$260,916
Current Unrestricted Fund	253,839.30	271,722	260,916	260,916
Total Funding Costs	\$253,839.30	\$271,722	\$260,916	\$260,916
Current Level Services	253,839.30	271,722	260,916	260,916
Total Service Costs	\$253,839.30	\$271,722	\$260,916	\$260,916

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not funds for which services to the institution must be rendered (e.g., payments for teaching).

justment to provide non-resident waivers at the historical level of approximately sixty percent of non-resident enrollments during the 1989 biennium. This legislative action added \$29,511 in FY88 and \$23,383 in FY89 for total appropriations of \$274,815 in FY88 and \$271,722 in FY89. Actual expenditures for FY88 did not realize the appropriated level with \$253,839 being expended.

The recommendation for FY90 and FY91 takes reduced enrollment into account and asks for funding of \$260,916 for each year of the biennium.

Budget Issues

The FY88 appropriation for the Scholarship and Fellowship Program reflected reduced enrollments but included an ad-

SUPPORT Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	54.98	54.98	58.05	58.05
Personal Services	1,664,076.92	1,602,460	1,518,052	1,518,052
Operating Expenses	726,987.31	507,516	519,177	480,783
Equipment	125,920.26	97,573	92,432	92,432
Total Program Costs	\$2,516,984.49	\$2,207,549	\$2,129,661	\$2,091,267
Current Unrestricted Fund	2,516,984.49	2,207,549	2,129,661	2,091,267
Total Funding Costs	\$2,516,984.49	\$2,207,549	\$2,129,661	\$2,091,267
Current Level Services	2,516,984.49	2,207,549	2,129,661	2,091,267
Total Service Costs	\$2,516,984.49	\$2,207,549	\$2,129,661	\$2,091,267

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and

personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Administrative services - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general

administrative services, logistical services, and community relations.

Budget Issues

The executive budget recommends that the Support Program be funded at ninety-two percent of the formula. This is the same level of funding utilized in FY89. The support cost per FTE is also consistent with the support level assumed last biennium: \$1,396.

This program includes audit costs which are supported at seventy five percent current unrestricted funds and twenty-five percent from other sources.

The recommended FTE levels are derived on the historical split between personal services and operations and may or may not reflect actual FTE in this program. The actual FTE level is at the discretion of each unit.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	103.42	103.42	104.37	104.37
Personal Services	3,352,785.09	3,398,413	3,291,324	3,291,939
Operating Expenses	924,463.66	888,132	885,062	854,443
Equipment	56,650.83	57,223	46,824	47,304
Total Agency Costs	\$4,333,899.58	\$4,343,768	\$4,223,210	\$4,193,686
Current Unrestricted Fund	4,333,899.58	4,343,768	4,223,210	4,193,686
Total Funding Costs	\$4,333,899.58	\$4,343,768	\$4,223,210	\$4,193,686
Current Level Services	4,333,899.58	4,343,768	4,223,210	4,193,686
Total Service Costs	\$4,333,899.58	\$4,343,768	\$4,223,210	\$4,193,686

Agency Description

Western Montana College was established in 1893 as the State Normal School. The first session of school opened in September, 1897. Throughout its history, Western Montana College has been a teacher training institution and it has continued this emphasis while broadening its curricular base.

In, 1987, the Montana Board of Regents administratively merged Western Montana College with the University of Montana, to be effective July 1, 1988. Western Montana College's education graduate and bachelors in business programs will phase out to be replaced by renewed emphasis in education. Bachelor's degrees are offered in elementary education and secondary education. Associate degree and transfer programs are offered in several areas.

INSTRUCTION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	61.69	61.69	59.06	59.06
Personal Services	1,915,240.42	2,164,345	2,080,722	2,081,267
Operating Expenses	192,373.83	175,126	169,726	169,726
Equipment	11,574.64	4,923	4,760	4,760
Total Program Costs	\$2,119,188.89	\$2,344,394	\$2,255,208	\$2,255,753
Current Unrestricted Fund	2,119,188.89	2,344,394	2,255,208	2,255,753
Total Funding Costs	\$2,119,188.89	\$2,344,394	\$2,255,208	\$2,255,753
Current Level Services	2,119,188.89	2,344,394	2,255,208	2,255,753
Total Service Costs	\$2,119,188.89	\$2,344,394	\$2,255,208	\$2,255,753

Program Description

The objective of the Instruction Program is to provide educational activities directed primarily at the production of credits which satisfy the various curricula requirements leading toward a post-secondary degree. The category also includes expenditures for academic administration where the primary assignment is administration (academic deans).

Budget Issues

Funding for the Instruction Program is formula driven. It is recommended that the formula be funded at ninety-nine percent which is consistent with the level of funding established by the legislature for the 1989 biennium. Also consistent with the last biennium, vacancy saving is not applied. FTE levels for FY90 and FY91 reflect the FY88 level ad-

justed for the change in budgeted enrollments. As such, the budgeted number of FTE, may or may not, correspond to the actual FTE employed at a unit.

As was noted in the general university system write-up, enrollment is based on the FY87 and FY88 actual average, which for Western is 877. This represents a 4.2 percent decrease from the FY88 level. The average faculty salary used to calculate faculty compensation is \$27,495. This is the same compensation rate as used for the last biennium. The instructional support rate is the same as used for FY89, \$532.21.

Due to the reduced enrollment at WMC, the recommended funding for FY90 is \$113,786 less and FY91 is \$113,241 less than the FY88 appropriated level.

**OPERATION & MAINT OF PLANT
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	14.35	14.35	14.35	14.35
Personal Services	469,987.91	379,582	374,521	374,591
Operating Expenses	239,888.66	338,360	309,086	316,861
Equipment	22,431.94	32,588	22,775	23,255
Total Program Costs	\$732,308.51	\$750,530	\$706,382	\$714,707
Current Unrestricted Fund	732,308.51	750,530	706,382	714,707
Total Funding Costs	\$732,308.51	\$750,530	\$706,382	\$714,707
Current Level Services	732,308.51	750,530	706,382	714,707
Total Service Costs	\$732,308.51	\$750,530	\$706,382	\$714,707

Program Description

This program includes all expenditures of current funds for the operation and maintenance of the physical plant, except for amounts charged to auxiliary enterprises and hospitals. It does not include expenditures made from the institutional plant fund accounts. It includes all expenditures for operations established to provide services and maintenance related to campus grounds and facilities, utilities, property insurance, fire protection, and similar items.

Budget Issues

The recommended FTE level for the Operation and Maintenance Program remains at the FY88 level of 14.35 FTE

each year. A two percent vacancy savings rate was applied. The recommendation for FY90 and FY91 is \$374,521 and \$374,591 for personal services.

The overall change to the operating budget is an increase of \$69,198 in FY90 and \$76,973 in FY91 from FY88 actual expenditures. The increase can be attributed to inflation and insurance increases.

Equipment remains essentially at current level.

The appropriated level of funding for this program in FY88 was \$735,177 with actual expenditures for the same time period, \$732,308. The recommended level of funding for FY90 is \$706,382 and for FY91 is \$714,707.

**SCHOLARSHIPS & FELLOWSHIPS PGM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	81,524.09	82,469	81,972	81,972
Total Program Costs	\$81,524.09	\$82,469	\$81,972	\$81,972
Current Unrestricted Fund	81,524.09	82,469	81,972	81,972
Total Funding Costs	\$81,524.09	\$82,469	\$81,972	\$81,972
Current Level Services	81,524.09	82,469	81,972	81,972
Total Service Costs	\$81,524.09	\$82,469	\$81,972	\$81,972

Program Description

This program applies only to funds given in the form of outright grants and trainee stipends to individuals enrolled in formal course work. Scholarships include: outright grants-in-aid; trainee stipends; tuition and fee waivers; and prizes to undergraduate students. Fellowships include outright grants-in aid and trainee stipends to graduate students, but not

funds for which services to the institution must be rendered (e.g., payments for teaching).

Budget Issues

The executive budget established its level of funded fee waivers by averaging the actual expenditures for Scholarships and Fellowships in FY88 and the anticipated expenditures for Scholarships and Fellowships in FY89.

SUPPORT Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	27.38	27.38	30.96	30.96
Personal Services	967,556.76	854,486	836,081	836,081
Operating Expenses	410,677.08	292,177	324,278	285,884
Equipment	22,644.25	19,712	19,289	19,289
Total Program Costs	\$1,400,878.09	\$1,166,375	\$1,179,648	\$1,141,254
Current Unrestricted Fund	1,400,878.09	1,166,375	1,179,648	1,141,254
Total Funding Costs	\$1,400,878.09	\$1,166,375	\$1,179,648	\$1,141,254
Current Level Services	1,400,878.09	1,166,375	1,179,648	1,141,254
Total Service Costs	\$1,400,878.09	\$1,166,375	\$1,179,648	\$1,141,254

Program Description

The Support Program includes funds for activities designed to support three functions of the institution: academic programs, student services and administrative services.

Academic support - These activities include the retention, preservation and display of materials and the provision of services that directly assist the academic functions of the institution. This category includes libraries, museums and galleries, audio/visual services, academic administration and personnel development, and course and curriculum development.

Student services - These activities include admissions, registrar activities, counseling and career guidance, helping students obtain financial aid, student admissions and records, and supplementary educational services.

Institutional support - These activities include the operational support for the day-to-day functioning of the institution and include executive and fiscal management, general administrative services, logistical services, and community relations.

Budget Issues

The Support Program is funded at ninety-two percent of the formula driven level for both years of the 1991 biennium. Ninety two percent reflects the same level of funding used in FY89. The support cost per FYFTE is also consistent with the support level assumed last biennium: \$1,387.

This program includes audit costs which are supported at seventy-five percent current unrestricted funds and twenty-five percent from sources other than current unrestricted.

The recommended FTE levels are derived on the historical split between personal services and operations and may or may not reflect actual FTE in this program. The actual FTE is at the discretion of each unit.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	258.70	258.70	273.27	273.27
Personal Services	6,902,130.72	7,019,097	7,004,031	7,004,616
Operating Expenses	1,494,558.26	1,494,420	1,511,610	1,522,602
Equipment	154,799.03	127,875	126,965	126,965
Debt Service	979.20	0	0	0
Total Agency Costs	\$8,552,467.21	\$8,641,392	\$8,642,606	\$8,654,183
Current Unrestricted Fund	8,552,467.21	8,641,392	8,642,606	8,654,183
Total Funding Costs	\$8,552,467.21	\$8,641,392	\$8,642,606	\$8,654,183
Current Level Services	8,472,467.21	8,641,392	8,642,606	8,654,183
Modified Level Services	80,000.00	0	0	0
Total Service Costs	\$8,552,467.21	\$8,641,392	\$8,642,606	\$8,654,183

Agency Description

The Agricultural Experiment Station was established at Montana State University in 1893 by the Montana Legislature under authorization provided by the U.S. Congress of 1887 (Hatch Act). The station is composed of fourteen research and service departments and laboratories located at Bozeman, and seven research centers located around the state.

The goal of the Agricultural Experiment Station is to contribute to the welfare of the state, national and international communities through relevant research programs on agricultural problems. Research is conducted to improve the competitive position of Montana crop and livestock producers, and to develop agricultural production principles and techniques applicable to semi-arid and intermountain regions throughout the world.

In their December, 1986, meeting the Board of Regents approved the administrative consolidation of the Agricultural Experiment Station and the Cooperative Extension Service (Item 54-204-R1286). The merger is effective beginning in the 1988-89 biennium.

Budget Issues

Effective July 1, 1987, there was an administrative merger between the Agricultural Experiment Station and the Cooperative Extension Service. Although the two agencies were administratively merged the programmatic services of the agencies continued to be individually identified. The recommended budget assumes that the two agencies will continue to function under this arrangement. Each agency was appropriated a separate budget for the 1989 biennium and each agency has a recommended budget for the 1991 biennium.

The consolidated FTE level recommended for the Agricultural Experiment Station is 273.27 FTE. Of this total, 257.27 FTE are in Organized Research and 16.90 FTE of this total are part-time. There are 16.00 FTE in the US Range Station budget. The Extension Service budget contains 101.08 FTE. Current level FTE is 116.77. The difference of 15.69 FTE was the number utilized to convert academic year faculty to fiscal year faculty. A two percent vacancy savings rate was applied to both agency budgets.

Funding for the Agricultural Experiment Station increases for both years of the 1991 biennium. In FY90 there is an increase of \$90,139 and in FY91 an increase of \$101,716 from FY88.

ORGANIZED RESEARCH
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	Recommendation FY 1991
Full Time Equivalent Employees	242.00	242.00	257.27	257.27
Personal Services	6,563,257.28	6,641,843	6,594,529	6,595,353
Operating Expenses	1,483,698.05	1,488,720	1,500,999	1,511,991
Equipment	155,213.03	124,875	123,965	123,965
Debt Service	979.20	0	0	0
Total Program Costs	\$8,203,147.56	\$8,255,438	\$8,219,493	\$8,231,309
Current Unrestricted Fund	8,203,147.56	8,255,438	8,219,493	8,231,309
Total Funding Costs	\$8,203,147.56	\$8,255,438	\$8,219,493	\$8,231,309
Current Level Services	8,123,147.56	8,255,438	8,219,493	8,231,309
Modified Level Services	80,000.00	0	0	0
Total Service Costs	\$8,203,147.56	\$8,255,438	\$8,219,493	\$8,231,309

Program Description

The Agricultural Experiment Station conducts research to improve the competitive position of Montana crop and livestock producers. The station has seven research centers, including the headquarters at Montana State University.

Budget Issues

The only change to the operating budget is for the standard inflationary increases utilized by all state agencies.

\$123,965 in FY90 and in FY91 is recommended for equipment. The agency provided a priority based list of equip-

ment needs. The recommendation assumes that AES will use its own discretion in replacing equipment.

This program has experienced revenue declines in federal funding as well as decreased revenue from the sales of agricultural products and livestock since 1986. Fortunately, AES is estimating that these funds will increase from the actual FY88 level in FY90 and FY91. Earmarked funds are estimated to remain at the FY88 level. The recommended level for general fund support in FY90 and FY91 is \$6,188,358 and \$6,200,174, respectively.

US RANGE STATION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	Recommendation FY 1991
Full Time Equivalent Employees	16.70	16.70	16.00	16.00
Personal Services	338,873.44	377,254	409,502	409,263
Operating Expenses	10,860.21	5,700	10,611	10,611
Equipment	-414.00	3,000	3,000	3,000
Total Program Costs	\$349,319.65	\$385,954	\$423,113	\$422,874
Current Unrestricted Fund	349,319.65	385,954	423,113	422,874
Total Funding Costs	\$349,319.65	\$385,954	\$423,113	\$422,874
Current Level Services	349,319.65	385,954	423,113	422,874
Total Service Costs	\$349,319.65	\$385,954	\$423,113	\$422,874

Program Description

The USDA Livestock and Range Research Station at Miles City is a joint state-federal operation. The station is the largest beef cattle research facility in the nation. Current research includes: beef cattle breeding, reproduction and nutrition; range management and range renovation.

Budget Issues

The recommended staff level for the US Range Station is 16.00 FTE for each year of the new biennium. The oper-

ating budget is reduced slightly due to reductions in telephone charges. The only other change which deviates from actual FY88 expenditures is in the equipment budget where \$3,000 is budgeted each year. The entire budget reflects the level the agency feels it will be able to support with its anticipated sales revenue. There is no general fund support for this program.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	116.77	115.77	101.08	101.08
Personal Services	3,227,201.73	3,850,150	3,470,181	3,471,756
Operating Expenses	520,610.45	500,456	520,421	521,204
Equipment	13,131.89	12,829	25,696	22,750
Total Agency Costs	\$3,760,944.07	\$4,363,435	\$4,016,298	\$4,015,710
Current Unrestricted Fund	3,760,944.07	4,363,435	4,016,298	4,015,710
Total Funding Costs	\$3,760,944.07	\$4,363,435	\$4,016,298	\$4,015,710
Current Level Services	3,760,944.07	4,363,435	4,016,298	4,015,710
Total Service Costs	\$3,760,944.07	\$4,363,435	\$4,016,298	\$4,015,710

Agency Description

The Cooperative Extension Service was created in 1914. The role of the Extension Service is educational; the service disseminates and encourages practical use of knowledge gained primarily from research and experimentation performed at Montana State University. The objective of the Extension Service is to conduct a program of education relating to efficient agricultural production, marketing of agricultural products, human resource development, and farm and home safety. The Service also provides special nutrition programs for low-income people and promotes a development program for Montana communities incorporating economic, natural, and human resources.

In their December, 1986, meeting the Board of Regents approved the administrative consolidation of the Agricultural Experiment Station and the Cooperative Extension Service (Item 54-204-R1286). The merger is effective beginning in the 1988-89 biennium.

Budget Issues

Effective July 1, 1987, an administrative merger took place between the Agricultural Experiment Station and the Coop-

erative Extension Service. While the two agencies were administratively merged the programmatic services of the agencies continued to be separate. The recommended budget assumes that the two agencies will continue to function under this arrangement. Each agency was appropriated a separate budget for the 1989 biennium and each agency has a recommended budget for the 1991 biennium.

The Extension Service budget contains 101.08 FTE. Current level FTE is 116.77. The difference of 15.69 FTE was the number utilized to convert academic year faculty to fiscal year faculty. A two percent vacancy savings rate was applied.

Operating costs are recommended to remain at the FY88 level with the standard state inflation rates added to the appropriate categories.

The executive budget recommends equipment expenditures of \$25,696 in FY90 and \$22,750 in FY91.

This agency derives its funding from federal Smith-Lever funds which require an estimated 92 percent general fund match.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	16.09	16.09	15.82	15.82
Personal Services	494,494.55	493,009	489,212	489,389
Operating Expenses	125,369.93	138,445	126,109	126,807
Equipment	12,682.35	13,500	15,000	23,500
Total Agency Costs	\$632,546.83	\$644,954	\$630,321	\$639,696
Current Unrestricted Fund	632,546.83	644,954	630,321	639,696
Total Funding Costs	\$632,546.83	\$644,954	\$630,321	\$639,696
Current Level Services	632,546.83	644,954	630,321	639,696
Total Service Costs	\$632,546.83	\$644,954	\$630,321	\$639,696

Agency Description

The Montana Forest Conservation and Experiment Station's purposes include the study of relationships between forests and other dimensions of the environment, the discovery of ways to improve the products of forest lands and the completion and publication of reports about forestry research. Research is carried on at Lubrecht Experimental Forest and at other locations in Montana in cooperation with private, state and federal agencies.

Budget Issues

The executive recommends 15.82 FTE for each year of the new biennium. This is the same level as the agency

requested for the 1991 biennium. Included are; 8.57 contract professional FTE, 5.98 classified FTE, 0.65 graduate assistant FTE and 0.62 part-time FTE. The recommended level of support for personal services in FY90 and FY91 decreases \$5,283 and \$5,105 from actual FY88 expenditures.

The increases to operating costs are a reflection of inflation adjustments.

The equipment budget includes one ½ ton 4x4 truck in FY90 and one ¾ ton flatbed truck in FY91. Also included in FY91 is funding to replace obsolete field equipment.

General fund is the only appropriated funding source for this agency.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	84.63	84.63	86.82	86.82
Personal Services	1,926,525.37	1,997,055	2,108,776	2,109,744
Operating Expenses	466,362.19	478,379	500,057	490,554
Equipment	23,515.71	12,000	44,349	9,386
Debt Service	11,956.92	0	11,957	6,975
Total Agency Costs	\$2,428,360.19	\$2,487,434	\$2,665,139	\$2,616,659
General Fund	2,042,442.24	2,102,508	2,300,731	2,247,251
Federal & Other Spec Rev Fund	385,917.95	384,926	364,408	369,408
Total Funding Costs	\$2,428,360.19	\$2,487,434	\$2,665,139	\$2,616,659
Current Level Services	2,409,437.19	2,487,434	2,554,289	2,539,827
Modified Level Services	18,923.00	0	110,850	76,832
Total Service Costs	\$2,428,360.19	\$2,487,434	\$2,665,139	\$2,616,659

Agency Description

The purpose of the Montana School for the Deaf & Blind is to provide an ordinary public school education for its students by use of specialized methods and to teach trades and vocations that will enable students attending the school to become independent and self-sustaining citizens. Authority for the school is contained in Title 20, Chapter 8, Part 1, MCA. A maximum of 80 children and adolescents reside on

campus throughout the school year. These students must be diagnosed as being deaf and/or blind or must have a hearing or sight impairment that is so defective that they are unable to receive a proper education in the public schools of the state. Additionally, the school provides for a minimum of 50 day students from the Great Falls area and serves over 250 students statewide through local education agencies by use of a resource consultant program.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	137,992.08	135,516	147,864	148,061
Operating Expenses	35,772.66	61,744	50,875	33,219
Equipment	9,795.00	0	149	0
Debt Service	11,956.92	0	11,957	6,975
Total Program Costs	\$195,516.66	\$197,260	\$210,845	\$188,255
General Fund	195,516.66	197,260	210,845	188,255
Total Funding Costs	\$195,516.66	\$197,260	\$210,845	\$188,255
Current Level Services	195,516.66	197,260	210,845	188,255
Total Service Costs	\$195,516.66	\$197,260	\$210,845	\$188,255

Program Description

The Administration program staff provide purchasing, accounting, and personnel functions and management of business affairs for the school.

Budget Issues

The recommended budget for the Administration Program increases over the FY88 base by \$15,328 in FY90, while decreasing by \$7,262 below the FY88 base in FY91. Personal services increase by approximately \$10,000 each year of the biennium due to the hiring of a new superintendent and the subsequent addition to his contract of \$7,800 per year to allow him a different housing arrangement. The

house which was included under the original agreement was found to be undesirable. The school has recently rented the house for \$650 a month, with 48% of the proceeds deposited into the state's general fund and 52% into the Montana School for the Deaf & Blind Foundation. This split is necessary because the property was originally purchased jointly by the state and the foundation in the aforementioned ratio. Therefore, all revenues must be divided in the same manner. Operating expenses increase by \$15,102 in FY90 while decreasing \$2,554 in FY91 below the FY88 base. The increase in FY90 is due to budgeted audit fees of \$18,044 in FY88, of which only \$622 was expended. The remaining amount will be spent in FY89. One-time job candidate

expenses of \$2,000 were subtracted from the FY88 base to arrive at the FY90-91 budget. The removal of this expenditure combined with lower debt service costs in FY91 is the primary reason for the current level decrease in FY91 from the FY88 base. Debt service costs consist of \$996.41 per month for a phone system for the school. The last payment

for this system will occur in January of FY91. Equipment consists of a desk top calculator to replace a similar unit in FY90, while there are no equipment requests in FY91. A 2% vacancy savings rate is applied to this budget. The administration program is funded entirely through the general fund.

GENERAL SERVICES PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	94,730.14	91,542	87,888	88,072
Operating Expenses	170,823.54	167,994	181,703	188,044
Equipment	1,324.00	0	900	0
Total Program Costs	\$266,877.68	\$259,536	\$270,491	\$276,116
General Fund	266,877.68	259,536	270,491	276,116
Total Funding Costs	\$266,877.68	\$259,536	\$270,491	\$276,116
Current Level Services	266,877.68	259,536	270,491	276,116
Total Service Costs	\$266,877.68	\$259,536	\$270,491	\$276,116

Program Description

The General Services program staff are responsible for the repair and maintenance of the school's eight (8) buildings and 18.5 acre campus.

Budget Issues

The recommended budget for the General Services Program increases above the FY88 base by \$3,613 in FY90 and \$9,238 in FY91. Personal services decrease by \$6,842 in

FY90 and \$6,658 in FY91 due to replacement of an FTE at a lower annual rate. Operating expenses increase by \$10,879 in FY90 and by \$17,220 in FY91. Almost all of this increase is attributed to the increase in utility rates. These rates increase 31.5% over the FY88 base in FY90 and 43.5% over the FY88 base in FY91. Equipment consists of a commercial vacuum to replace a similar unit in FY90 while no equipment is requested for FY91. A 0.7% vacancy savings rate is applied to this budget. Funding for the general services program is provided through the general fund.

STUDENT SERVICES Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	31.95	31.95	31.95	31.95
Personal Services	540,971.99	590,485	604,853	605,692
Operating Expenses	119,453.89	130,470	133,180	135,160
Equipment	4,725.48	5,850	37,300	3,300
Total Program Costs	\$665,151.36	\$726,805	\$775,333	\$744,152
General Fund	626,733.24	691,805	737,333	706,152
Federal & Other Spec Rev Fund	38,418.12	35,000	38,000	38,000
Total Funding Costs	\$665,151.36	\$726,805	\$775,333	\$744,152
Current Level Services	665,151.36	726,805	741,333	744,152
Modified Level Services	0.00	0	34,000	0
Total Service Costs	\$665,151.36	\$726,805	\$775,333	\$744,152

Program Description

The Student Services program exists to provide residential care for a maximum of 80 children living at the school.

Budget Issues

The recommended budget for the Student Services program increases \$110,182 over the FY88 base in FY90, but only \$79,001 above the base in FY91. Personal services increase approximately \$64,000 in FY90 and \$65,000 in FY91, with

the FTE remaining constant at 31.95. The difference can be attributed to a proposed increased use of substitutes in FY90-91 and several positions that were at least partially vacant during the year, with a few being vacant 50% or more of the year. Also, beginning in FY89, social security tax is paid on all part-time employees at the school, where previously this was not the case. Operating expenses increase \$13,726 in FY90 and \$15,706 in FY91. Most of the increase occurs in student travel due to higher plane and bus fares, as well as more students traveling which requires increased supervision. Also, inflation for food costs in supplies and materials accounts for increases of approximately

\$3,800 in FY90 and \$5,800 in FY91. Equipment consists of replacement furniture for the cottages. A 2% vacancy savings rate is applied to this budget. Funding for the student services program is currently provided 94% by the general fund and 6% from the federal school lunch program.

Modification Request

Vehicle Replacement - Currently, the school has no vehicle equipped for students with orthopedic handicaps or students requiring a wheelchair. The requested vehicle is a school bus equipped with a lift capable of transporting these students. The cost of this modification is \$34,000 in FY90 only, with funding requested to be provided through the general fund.

EDUCATION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	43.68	43.68	45.87	45.87
Personal Services	1,152,831.16	1,179,512	1,268,171	1,267,919
Operating Expenses	140,312.10	118,171	134,299	134,131
Equipment	7,671.23	6,150	6,000	6,086
Total Program Costs	\$1,300,814.49	\$1,303,833	\$1,408,470	\$1,408,136
General Fund	953,314.66	953,907	1,082,062	1,076,728
Federal & Other Spec Rev Fund	347,499.83	349,926	326,408	331,408
Total Funding Costs	\$1,300,814.49	\$1,303,833	\$1,408,470	\$1,408,136
Current Level Services	1,281,891.49	1,303,833	1,331,620	1,331,304
Modified Level Services	18,923.00	0	76,850	76,832
Total Service Costs	\$1,300,814.49	\$1,303,833	\$1,408,470	\$1,408,136

Program Description

The Education program exists to provide an education for children with a hearing and/or sight loss which prevents them from receiving an adequate education in their regular hometown public or private school. The program also provides "mainstream" programs for certain students in a joint effort with Great Falls Public School System.

Budget Issues

The recommended budget for the Education Program increases over the FY88 base by approximately \$108,000 each year of the FY90-91 biennium. Table 1 details the school's student population from FY82 through FY89. The school was unwilling to forecast population figures for the FY90-91 biennium due to the volatility of enrollment numbers. Personal services increase by \$115,000 in both FY90 and FY91. Most of the difference is due to several positions being at least partially vacant in FY88, with a few vacant for 50% or more of the year. Also, 2.19 FTE are added to the current base of 43.68 FTE. Additionally, a budget

amendment for \$18,923 for additional ECIA Chapter 1 authority, which was approved through the budget amendment process was subtracted from the FY88 base. Operating expenses decrease below the FY88 base by approximately \$6,000 each year of the FY90-91 biennium. This decrease can be attributed to lower contracted services. A contract for an aide in the Great Falls public school system is not requested to be continued. Also, a contract for an orientation/mobility instructor has been dropped pending approval of a request to make the instructor a full-time staff member. Equipment consists of replacement of educational and administrative equipment such as film projectors, bookcases, filing cabinets, etc. A 2% vacancy savings rate is applied to this budget. Funding for this program is currently provided 74% through the general fund, 13% through the federal ECIA Chapter 1 program, 12% through the school's interest and income earnings, and 1% through athletic proceeds and the federal ECIA Chapter 11 program. It is anticipated that interest and income earnings will decline in the FY90-91 biennium from the FY88 level due to decreased oil and gas lease revenues.

Table 1
Montana School For The Deaf & Blind
Student Population
FY82 Through FY89

CATEGORY	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89
CAMPUS POPULATION:								
DAY	35.00	40.00	53.00	49.00	46.00	46.00	51.00	50.00
RESIDENT	76.00	76.00	74.00	73.00	68.00	72.00	71.00	66.00
TOTAL CAMPUS	111.00	116.00	127.00	122.00	114.00	118.00	122.00	116.00
HEARING IMPAIRED	98.00	103.00	107.00	104.00	98.00	102.00	100.00	91.00
VISUALLY IMPAIRED AND								
MULTIHANDICAPPED	13.00	13.00	20.00	18.00	16.00	16.00	22.00	25.00
TOTAL CAMPUS BY IMPAIRMENT	111.00	116.00	127.00	122.00	114.00	118.00	122.00	116.00
OUTREACH/ITINERANT POPULATION:								
PARENT/INFANT	43.00	36.00	44.00	38.00	37.00	32.00	37.00	38.00
ITINERANT	164.00	141.00	177.00	192.00	198.00	209.00	215.00	215.00
TOTAL OUTREACH/ITINERANT	207.00	177.00	221.00	230.00	235.00	241.00	252.00	253.00

Modification Request

Textbook Replacements - several of the texts currently in use at the school are seriously outdated. Textbooks are normally replaced on a 5-7 year cycle, particularly in the areas of social studies and science where updates are essential in providing current information to students. Cost of this modification is \$10,000 for each year of the FY90-91 biennium, with the funds being provided through the general fund.

Orientation & Mobility Instructor - the school presently contracts this service out on an after school and weekend basis. A .73 FTE instructor is needed in order to provide the necessary contact hours needed to fulfill a student's Individual Education Plan (IEP). Cost of this modification is \$22,682 in FY90 and \$22,676 in FY91. Funding is requested to be provided through the general fund.

Speech Therapist - currently, the school has a 1.1 FTE to provide speech therapy to 72 students. Because of the workload, contact time per student is limited to 10-20 minute sessions 1-5 times a week. A .73 FTE is essential in order to meet each student's IEP. Cost of this modification is \$22,682 in FY90 and \$22,676 in FY91. Funding is requested to be provided through the general fund.

Teaching Staff - a .73 FTE is needed to fulfill requirements for classroom instruction. Currently, class periods are not long enough because there are not enough instructors to teach all of the required classes at the high school level. The addition will be a certified teacher of the blind. Cost of this modification is \$21,486 in FY90 and \$21,480 in FY91. Funding is requested to be provided through the general fund.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	7.97	9.08	7.97	7.97
Personal Services	200,056.04	205,818	200,613	200,884
Operating Expenses	202,424.91	201,518	193,493	180,006
Equipment	305.76	0	2,400	0
Grants	565,752.11	927,947	188,599	196,773
Total Agency Costs	\$968,538.82	\$1,335,283	\$585,105	\$577,663
General Fund	124,903.61	120,554	127,726	120,271
State Special Revenue Fund	426,390.21	813,352	31,507	31,521
Federal & Other Spec Rev Fund	417,245.00	401,377	425,872	425,871
Total Funding Costs	\$968,538.82	\$1,335,283	\$585,105	\$577,663
Current Level Services	556,764.73	1,335,283	549,688	534,072
Modified Level Services	411,774.09	0	35,417	43,591
Total Service Costs	\$968,538.82	\$1,335,283	\$585,105	\$577,663

Agency Description

As authorized by section 22-2-101, MCA, the Montana Arts Council exists to encourage the study and presentation of the arts in Montana and to stimulate public interest and participation. It cooperates with public and private institutions engaged in artistic and cultural activities, in all disciplines. It recommends appropriate methods to encourage participation in and appreciation of the arts, which meet the needs and aspirations of persons in all parts of the state. It fosters interest in the state's cultural heritage and expands the state's cultural resources. It encourages and assists freedom of artistic expression essential for the well-being of the arts.

These duties are carried out by the staff for the following activities:

On-going programs including services to cultural organizations and individual artists, providing artists' residencies in schools and communities, administering the Montana Folklife and the Percent for Art in state building projects.

Council-initiated projects are in-house grants to conduct the following: Congressional Arts Caucus, Artists' Telegram, First Book Award, the Governor's Arts Awards, panel review of grant applications by discipline, evaluations of re-grants, funding SOS Technical Assistance to cultural organizations suffering severe economic impact at the local level, statewide planning and funding proposals for Centennial Projects, cooperative projects with the Humanities, carrying out the federally mandated statewide Cultural Congress once every two years, and promoting the arts in Montana in cooperation with regional and national service organizations.

Direct re-grants to cultural organizations and fellowships to individual artists through the Council's annual re-grant and fellowship programs, performance underwriting to rural communities, and immediate action grants for small unforeseen community initiated projects. Under section 22-2-301, MCA, the council administers the Cultural & Aesthetic Projects biennial grants program, which applications are reviewed by a citizens' advisory panel and final allocations are made by the legislature.

Budget Issues

The Arts Council is budgeted for 7.97 FTE to staff their program. Coal tax revenues, which are statutorily appropriated, funds 1.13 of the total FTE. A 1.84% vacancy savings rate has been applied to this agency in FY90 and FY91.

Included in this budget is an equipment recommendation of \$2,400 in FY90 for the purchase of a microcomputer.

Modification Request

Legal Services - The Arts Council needs legal support for the various contracts and grants which they are responsible to administer. This request is to allow this agency to contract with the Attorney General's office for the services they need. Funding is 50% general fund and 50% federal. The total amount recommended for these services is \$2,400 each year of the 1991 biennium. There are no FTE required.

Grants - The National Endowment for the Arts will grant funds in FY90 and FY91. These funds are re-granted through the Council to rural communities, individual artists, and cultural organizations for the promotion of the arts in Montana. These are federal funds requiring spending authority for \$33,017 in FY90 and \$41,191 in FY91. There are no FTE required.

LIBRARY COMMISSION

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	31.72	29.80	28.21	28.00
Personal Services	674,775.22	741,095	650,562	646,597
Operating Expenses	489,447.22	476,831	425,969	417,923
Equipment	125,639.24	154,402	124,775	115,399
Grants	442,580.14	661,036	755,158	734,289
Debt Service	0.00	66,950	61,801	61,801
Total Agency Costs	\$1,732,441.82	\$2,100,314	\$2,018,265	\$1,976,009
General Fund	541,213.55	520,688	579,375	560,251
State Special Revenue Fund	561,162.53	649,798	410,776	383,936
Federal & Other Spec Rev Fund	630,065.74	929,828	1,028,114	1,031,822
Total Funding Costs	\$1,732,441.82	\$2,100,314	\$2,018,265	\$1,976,009
Current Level Services	1,732,441.82	2,079,189	1,998,909	1,960,392
Modified Level Services	0.00	21,125	19,356	15,617
Total Service Costs	\$1,732,441.82	\$2,100,314	\$2,018,265	\$1,976,009

Agency Description

As authorized in Title 22, Chapter 1, MCA, the Montana State Library is responsible for providing assistance and advice to all tax-supported libraries and to citizens and local governments which may wish to establish and improve libraries. It administers all state and federal funding to public libraries throughout Montana. It administers the State Library which (a) provides information service to state

government; (b) provides referral and backup service to all libraries in the state; (c) provides direct library service to all blind and physically handicapped Montana residents; (d) is responsible for distribution centers of state documents; and (e) is responsible for the Natural Resource Information System and the Natural Heritage Program under section 90-15-101, MCA. It also oversees the six federations of libraries and does policy development, long range planning and coordination of library service throughout the state.

STATE LIBRARY OPERATIONS Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	25.50	25.80	25.71	25.50
Personal Services	595,158.97	624,654	588,191	584,164
Operating Expenses	317,449.67	321,883	345,501	334,444
Equipment	108,500.72	100,442	102,639	92,176
Grants	442,580.14	661,036	755,158	734,289
Total Program Costs	\$1,463,689.50	\$1,708,015	\$1,791,489	\$1,745,073
General Fund	541,213.55	520,688	579,375	560,251
State Special Revenue Fund	298,984.21	311,000	199,000	168,000
Federal & Other Spec Rev Fund	623,491.74	876,327	1,013,114	1,016,822
Total Funding Costs	\$1,463,689.50	\$1,708,015	\$1,791,489	\$1,745,073
Current Level Services	1,463,689.50	1,686,890	1,772,133	1,729,456
Modified Level Services	0.00	21,125	19,356	15,617
Total Service Costs	\$1,463,689.50	\$1,708,015	\$1,791,489	\$1,745,073

Program Description

Under sections 22-1-103 and 22-1-211 through 22-1-214, MCA, the State Library Operations program provides staff, services and collections of materials to make available information service for all state agencies and state employees. It also provides referral and backup services for all libraries within the state. Staff consultation and services are provided

to individual libraries and direction is given to the six federations of libraries throughout Montana. This includes development and coordination of library service, long range planning and public information about library services in the state. Library services to Montana residents who are under state care in correctional, psychiatric, or other institutions is also provided. Services to the blind and physically handicapped include direct library service to all people in Mon-

tana who are unable to use conventional print. The State Library also administers all state and federal funds appropriated for public libraries and library services. It provides support services for the Montana State Library Commission and the Montana Library Services Advisory Council. It operates the state documents depository center and a federal documents depository program.

Budget Issues

The FY88 actual level of FTE was 25.50. Included in the level of positions was a 1.00 FTE funded by a Kellogg grant. These funds will end in the last half of FY90. The FY90-91 current level FTE reduces by 0.79 FTE to 24.71 FTE for this reason. In FY91 these funds will have ended altogether and the current level FTE reduces to 24.50. A modified level position for the Blind and Physically Handicapped project is recommended in FY90 and FY91. A 2% vacancy savings rate is recommended in this agency's budget.

The current level general fund increase of 3% in the State Library Operations program is primarily attributable to; 1) building rent charges, 2) Fish Wildlife and Parks ground maintenance charges, 3) audit fees, 4) computer maintenance, 5) data processing supplies. The audit fees are budgeted in FY90 which accounts for less of an increase in general fund in FY91.

The State and Other Special Revenue is coal tax money which is primarily used to support statewide library federations and networking. The projected coal tax revenues decline from the FY88 actual expenditures by \$99,984 in

FY90 and \$130,984 in FY91. This impact of this decline in funding is that fewer dollars will be distributed to library federations for library services.

The Federal and Other Special Revenue is from Library Service Construction Act (LSCA) grants which are used for the construction and improvement of libraries. The large increase in requested funding is for spending authority for carryover funds which were not appropriated in the 1989 biennium.

General fund makes up the balance of the funding for this program.

The recommended equipment is primarily for books. Other equipment items include computer equipment and software, and office equipment.

Modification Request

Blind and Physically Handicapped - Since 1982 there has been a 40% increase in circulation and a 16% increase in the readership in the blind and physically handicapped program. Federal audits have recommended more staff to meet these needs. An additional 1.00 FTE for FY90 and FY91 is recommended to meet this increased workload. The general fund cost for this position is \$15,602 in FY90 and \$15,617 in FY91.

Map Cases - The State Library is responsible to store numerous maps which they receive through the federal documents depository program. However, they simply do not have the cases to properly store these items. The general fund cost to store these documents is \$3,750 in FY90.

NATURAL RESOURCES/HERITAGE Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	6.22	4.00	2.50	2.50
Personal Services	79,616.25	116,441	62,371	62,433
Operating Expenses	171,997.55	154,948	80,468	83,479
Equipment	17,138.52	53,960	22,136	23,223
Debt Service	0.00	66,950	61,801	61,801
Total Program Costs	\$268,752.32	\$392,299	\$226,776	\$230,936
State Special Revenue Fund	262,178.32	338,798	211,776	215,936
Federal & Other Spec Rev Fund	6,574.00	53,501	15,000	15,000
Total Funding Costs	\$268,752.32	\$392,299	\$226,776	\$230,936
Current Level Services	268,752.32	392,299	226,776	230,936
Total Service Costs	\$268,752.32	\$392,299	\$226,776	\$230,936

Program Description

Under MCA 90-15-101, this program provides the Natural Resource Information System to streamline the management of the state's natural resource data and provide a standard system for the acquisition, storage and retrieval of data statewide. It inventories existing data, provides access to data, and assists other state agencies in managing data. The program is also responsible for administering the Montana Natural Heritage Program, a database on special plants, animals, communities and geological features.

Budget Issues

The Natural Resource Information System (NRIS) was authorized partial funding through HB2 but received additional authority statutorily and from HB6 and HB7. Funding sources and amounts for the FY90-91 program are impossible to forecast accurately. We recommend the budget not be set in the main appropriation bill but use 90-15-101, MCA, for setting appropriation authority amounts. Authority increases will be monitored by the OBPP and the LFA.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	2.00	2.50	2.50	2.50
Personal Services	57,790.48	69,179	74,720	74,922
Operating Expenses	49,928.22	59,895	59,004	55,422
Equipment	878.08	2,000	500	500
Total Agency Costs	\$108,596.78	\$131,074	\$134,224	\$130,844
Federal & Other Spec Rev Fund	108,596.78	131,074	134,224	130,844
Total Funding Costs	\$108,596.78	\$131,074	\$134,224	\$130,844
Current Level Services	108,596.78	120,213	125,731	122,346
Modified Level Services	0.00	10,861	8,493	8,498
Total Service Costs	\$108,596.78	\$131,074	\$134,224	\$130,844

Agency Description

The Montana State Council on Vocational Education was created in 1985 by Executive Order No. 3-85 to comply with the Carl D. Perkins Vocational Education Act of 1984 (P.L. 98-524). The purpose of the thirteen (13) member council is to analyze and evaluate the vocational education program delivery system assisted under the Perkins Act and under the Job Training Partnership Act, and to report to and advise the Governor, State Board of Regents of Higher Education, Department of Education, business community, and general public as to how well the state's needs for vocational education are being met.

The 50th Legislature designated the State Board of Regents of Higher Education as the agency to serve as the sole state agent for vocational education. Under federal guidelines, the council works with the board on the development of the State Plan for Vocational Education, technical committees, evaluation criteria, adult training and retraining programs, and industry-education partnerships. The council conducts evaluations of vocational education programs, reviews articulation among various education and training programs, and participates in state planning for vocational education.

The administrative staff conducts research, prepares reports, plans council meetings and travel, manages council fiscal activity, maintains all council records, supervises the accom-

plishment of council goals and mandates, and represents the council when directed to by council members.

Budget Issues

The recommended budget for the Montana Council for Vocational Education increases significantly over the FY88 level. The executive director's position was vacant for part of FY88 and agency mandates could not be fully carried out, resulting in lower personal services and operating costs. Most of the increase can be attributed to three areas: increased personal services due to the hiring of an executive director; increased Statewide Cost Allocation Plan (SWCAP) rates; and increased rental rates. Rental rates increased due to the council relocating within their present building to obtain space for a vocational education resource library. A 2% vacancy savings rate was applied against this budget. The council is funded entirely from federal sources.

Modification Request

Clerical Support - This modification allows the council to obtain a 0.50 FTE secretarial position. The position is necessary in order to allow the current staff to become more directly involved with local education agencies so that the council may more effectively fulfill its duties and responsibilities.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	48.88	50.81	49.28	48.78
Personal Services	1,135,908.19	1,248,073	1,219,481	1,210,644
Operating Expenses	768,104.44	984,369	816,212	761,969
Equipment	17,771.35	68,173	85,503	31,939
Grants	83,088.35	600,567	350,000	350,000
Transfers	41,320.00	41,320	41,320	41,320
Total Agency Costs	\$2,046,192.33	\$2,942,502	\$2,512,516	\$2,395,872
General Fund	1,098,351.65	1,125,990	1,180,025	1,149,642
State Special Revenue Fund	14,173.15	72,576	47,395	47,403
Federal & Other Spec Rev Fund	504,634.43	1,222,937	843,858	759,661
Proprietary Fund	429,033.10	520,999	441,238	439,166
Total Funding Costs	\$2,046,192.33	\$2,942,502	\$2,512,516	\$2,395,872
Current Level Services	2,008,053.34	2,764,776	2,320,354	2,307,578
Modified Level Services	38,138.99	177,726	192,162	88,294
Total Service Costs	\$2,046,192.33	\$2,942,502	\$2,512,516	\$2,395,872

Agency Description

The Montana Historical Society exists for the use, learning, culture, and enjoyment of the citizens of the state and for the collection, preservation and interpretation of Montana's material culture including artifacts, art, documents and records. The society maintains a library, an art gallery, a museum, historical exhibits, publishes the state historical magazine, a newsletter and other historical works, and provides educational information for travelers and the general public. The agency also administers the National Historic Preservation Act and the State Antiquities Act. The Historical Society was established in 1865 and is provided for in section 22-3-101, MCA.

Budget Issues

During FY88 the Montana Historical Society received approval to reorganize their agency from eight programs to

five. The change involved consolidating the Library, Archives, and Photo Archives programs into one program entitled the Library program. The Education program was consolidated into the Administration program

The expenditures for the FY88 actual does reflect the new organizational structure. This agency now consists of the Administration program (01), the Library program (02), the Museum program (03), the Magazine Program (04), and the Historical Sites Preservation program (06). These program budgets will be presented in this order. Any specific issues relevant to the reorganization will be discussed in each program narrative.

A 1.8% vacancy savings rate has been applied to all personal services in this agency.

ADMINISTRATION PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	14.45	15.38	15.38	15.38
Personal Services	323,807.56	382,175	385,373	386,164
Operating Expenses	231,028.45	285,097	296,481	275,015
Equipment	0.00	0	1,076	0
Total Program Costs	\$554,836.01	\$667,272	\$682,930	\$661,179
General Fund	425,387.55	478,786	499,649	487,396
State Special Revenue Fund	14,173.15	72,576	47,395	47,403
Federal & Other Spec Rev Fund	115,275.31	115,910	135,886	126,380
Total Funding Costs	\$554,836.01	\$667,272	\$682,930	\$661,179
Current Level Services	547,261.59	664,772	661,665	648,429
Modified Level Services	7,574.42	2,500	21,265	12,750
Total Service Costs	\$554,836.01	\$667,272	\$682,930	\$661,179

Program Description

The Administration Program provides supervision, administration, and coordination of the five programs in the Historical Society. Program staff are responsible for the effective management, planning, direction and leadership of the society as a whole. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security and building management. In addition, the program operates an educational activity which provides tours and travelling exhibits for the public.

Budget Issues

The Administration Program was budgeted for 11.88 FTE in FY88 and FY89. The FY88 actual level shows 14.45 FTE because 2.50 FTE were transferred into this program from the Education program during the reorganization of the agency. The Assistant Director position was created and transferred from the Library to the Administration late in FY88 which accounts for the additional .07 FTE. In FY90-91, the reorganization adds 2.50 FTE to the 11.88 FTE budgeted plus the 1.00 FTE for the Assistant Director for a total of 15.38 FTE. However, 1.50 of these FTE are statutorily funded through HB84.

The current level general fund support increases by 12.4% in FY90 and 9.5% in FY91 in the Administration program. The primary increases in the operational portion are in audit fees, insurance and bond charges, building rent, and grounds maintenance charges. Included in the operational

increase are funds from the accommodations tax in contracted services to be used for technical workshops.

Office equipment is to be purchased from donated funds.

The Historical Society has successfully generated donated funds. These funds support modified requests and operations.

The funding in state and other special revenue includes \$47,395 in FY90 and \$47,403 from the Accommodations tax which will be used to support 1.50 FTE tour guides and the technical workshops.

Modification Request

Annual History Conference - The Society's Board of Trustees has determined to expend funds from the Charles Baird Trust Fund to support the State History Conference. Requested is \$10,000 both in FY90 and FY91 from these federal and other special revenues.

Montana History Gallery - This modification requests authority to utilize \$8,515 for school curriculum resources to be used in conjunction with the new Montana History exhibit at the Society. These are federal and other special revenues from the Charles Bair Trust Fund requested in FY90 only.

Northwest Rendezvous - Authority is requested for support of symposiums and lectures on western art in conjunction with the Northwest Rendezvous of Western Art. State and other special revenue of \$2,750 in both FY90 and FY91 from the Charles Bair Trust Fund is requested.

**LIBRARY PROGRAM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	13.43	13.30	13.50	13.00
Personal Services	328,800.08	325,362	338,382	327,246
Operating Expenses	56,114.43	66,068	71,473	60,548
Equipment	17,474.35	60,700	76,180	19,434
Total Program Costs	\$402,388.86	\$452,130	\$486,035	\$407,228
General Fund	361,651.19	333,556	368,015	350,362
Federal & Other Spec Rev Fund	40,737.67	118,574	118,020	56,866
Total Funding Costs	\$402,388.86	\$452,130	\$486,035	\$407,228
Current Level Services	399,988.86	369,130	385,435	384,628
Modified Level Services	2,400.00	83,000	100,600	22,600
Total Service Costs	\$402,388.86	\$452,130	\$486,035	\$407,228

Program Description

The Library Program's purpose is to acquire, organize, preserve and make accessible to the public published materials, historic records and manuscripts, photographs, and oral history illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West and to assist researchers seeking information in these areas. The program is provided for in section 22-3-103 MCA.

Budget Issues

The Library Program was budgeted for 5.00 FTE in FY88 and FY89. As a result of the reorganization, 3.50 FTE from the former Photograph Archives Program and 5.00 FTE from the former Archives program were transferred into the Library Program. However, a .07 FTE portion of the Assistant Director position was transferred out of the Library Program and placed in the Administration Program. Thus, the FY88 actual shown in this budget is 13.43 FTE.

The FY88 actual level of 13.43 FTE reduces to 12.50 FTE in FY89 budgeted through FY90 and FY91 requested. The reduction is simply due to the fact that the remaining .93 Assistant Director position is in the Administration Program in FY89-91.

The primary reason for the decline in current level general fund is that the position for the Assistant Director was transferred from the Library Program to the Administration Program.

The recommended equipment is for additional books, photographic equipment, and book rebinding equipment.

Modification Request

Microfilm Equipment - The Historical Society has three microform reader/printers which need to be replaced. The machines are so old that repair parts are not available. The machines are heavily used to read microfilm of all newspaper collections and other documents throughout the state. This is a general fund request for \$18,000 in FY90 only.

Archives Photocopier - This request is for a maintenance contract necessary for a photocopier in the new archives section. The general fund cost of this recommendation is \$2,600 in FY90 and FY91.

BN - Archives - Funds have been donated from Burlington Northern for the automation of Archives. The amount of these Federal and Other Special Revenue is \$40,000 in FY90 and \$10,000 in FY91.

BN - Library - The Burlington Northern has donated funds to support the automation of the Library. The amount of these Federal and Other Special Revenue is \$10,000 in FY90.

BN - Photo Archives - Burlington Northern has donated funds to the Historical Society to support back-log cataloging in Photo Archives. The sum to be expended from these Federal and Other Special funds will be \$30,000 in FY90 and \$10,000 in FY91. There will be a 1.00 FTE required in FY90 and a .50 FTE in FY91.

MUSEUM PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	8.90	9.63	6.90	6.90
Personal Services	199,410.47	228,738	162,060	162,346
Operating Expenses	126,613.90	143,634	83,722	65,820
Equipment	297.00	0	1,287	275
Total Program Costs	\$326,321.37	\$372,372	\$247,069	\$228,441
General Fund	207,137.14	207,342	205,439	204,811
Federal & Other Spec Rev Fund	119,184.23	165,030	41,630	23,630
Total Funding Costs	\$326,321.37	\$372,372	\$247,069	\$228,441
Current Level Services	311,981.92	338,646	215,188	214,540
Modified Level Services	14,339.45	33,726	31,881	13,901
Total Service Costs	\$326,321.37	\$372,372	\$247,069	\$228,441

Program Description

The Museum Program was established to collect, preserve, and interpret the history of Montana through its material culture. The museum collects fine arts and historical, archeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits and educational activities.

Budget Issues

The Museum program was budgeted for 8.50 FTE in FY88 and FY89. During FY88, a .40 FTE was transferred from the Magazine program to the Museum to work on centennial projects. The reduction between FY89 and the FTE requested in this program for FY90 and FY91 is a result of the completion of the museum renovation. This major exhibit renovation was a one time expenditure funded with Federal and Other Special Revenue. Because this project was completed during this biennium, the following 2.50 FTE have been deleted: Laborer II, 1.00 FTE; Curator I, .50 FTE; Graphics Art Technician I, .33 FTE; Photographer II, .17 FTE; Museum Aide, .50 FTE. The requested current level FTE for FY90 and FY91 is 6.00.

The primary reason for the increase is personal services costs associated with the conversion of contracted employees to state employees. The exhibit renovation funds reduces greatly from the FY88 actual and FY89 budgeted because

this renovation was completed in early FY89. There remains \$12,423 of these funds from Federal and Other Revenues to provide supplies and materials for occasional changes of the exhibits shown to the public. There is \$4,181 each year of these other funds for the museum's photograph program.

Aside from the renovation reductions, contracted services is reduced for janitorial and tour guide positions at the original Governor's Mansion. It is necessary to move these positions from independent contractor status to state employees to meet audit and tax requirements. These partial positions are presented as a modified request in this program budget.

Modification Request

Original Governor Mansion FTE - This modified request classifies a custodial worker and a tour guide as state employees. This action is necessary to meet legislative audit, IRS, and labor requirements regarding independent contractors. The tour guide position is a .50 FTE and the custodial worker is a .40 FTE. The general fund cost is \$13,881 in FY90 and \$13,901 in FY91.

Original Governor's Mansion Renovation - It has been determined by the Board of the Original Governor's Mansion that renovations are necessary to repair the basement of the mansion. They are requesting authority to expend \$18,000 of Federal and Other Special Revenue in FY90 to complete this work.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	13,400.00	8,200	13,400	13,400
Operating Expenses	19,544.17	14,808	19,417	19,468
Transfers	163,000.00	0	0	0
Debt Service	792,777.50	661,913	730,905	717,068
Total Agency Costs	\$988,721.67	\$684,921	\$763,722	\$749,936
General Fund	195,944.17	23,008	763,722	749,936
Federal & Other Spec Rev Fund	792,777.50	661,913	0	0
Total Funding Costs	\$988,721.67	\$684,921	\$763,722	\$749,936
Current Level Services	988,721.67	684,921	763,722	749,936
Total Service Costs	\$988,721.67	\$684,921	\$763,722	\$749,936

Agency Description

The Montana Constitution gives the Board of Regents the authority to supervise, coordinate, manage, and control the Montana University System (Article X, Section 9). The Regents also supervise and coordinate the three community colleges (Flathead Valley, Miles City, and Dawson) and the vocational technical centers. To carry out these duties, the regents review existing programs, explore new program needs, establish new programs, and relocate or terminate programs. The regents also evaluate university presidents, make system-wide budget recommendations to the Executive and Legislature, supervise federal higher education programs, and operate a guaranteed student loan program. The Board of Regent's is the sole state agency for federal Carl D. Perkins Vocational Education funds.

Budget Issues

The executive budget recommendation includes funding in the Administration Program to enable the Board of Regents to perform its required duties.

The FY88 appropriation included \$163,000 for a satellite MBA program between the University of Montana and Eastern Montana College. The executive budget includes funding to continue this program in the Commissioner of Higher Education budget.

Funds are included in the Board's budget for the Butte, Billings and Great Falls Vo-Tech bonded indebtedness. General fund, rather than Education Trust Fund principal is recommended for this purpose.

VO-TECH BOND PAYMENTS Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Debt Service	792,777.50	661,913	730,905	717,068
Total Program Costs	\$792,777.50	\$661,913	\$730,905	\$717,068
General Fund	0.00	0	730,905	717,068
Federal & Other Spec Rev Fund	792,777.50	661,913	0	0
Total Funding Costs	\$792,777.50	\$661,913	\$730,905	\$717,068
Current Level Services	792,777.50	661,913	730,905	717,068
Total Service Costs	\$792,777.50	\$661,913	\$730,905	\$717,068

Program Description

The Regents' Bond Payments Program was created as a separate program of the Board of Regents on July 1, 1987. The purpose of this program is to make principal and interest payments on behalf of the three vocational technical centers which have bonded indebtedness; Butte, Billings and Great Falls. The original payments were authorized in HB 39 of the 1987 Legislature.

Budget Issues

It is necessary to provide funding to three of the Vocational Technical Centers, Billings, Butte, and Great Falls for bonded indebtedness. During FY88 and FY89, these payments were financed with Educational Trust Fund principal. These funds were deposited into a Board of Regents' accounting entity to be disbursed to the local school districts involved in making the bond payments. Funds for this purpose are included in the FY90 - FY91 budgets. However, it

is recommended that general fund be utilized for this purpose, rather than Education Trust Fund principal.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	13,400.00	8,200	13,400	13,400
Operating Expenses	19,544.17	14,808	19,417	19,468
Transfers	163,000.00	0	0	0
Total Program Costs	\$195,944.17	\$23,008	\$32,817	\$32,868
General Fund	195,944.17	23,008	32,817	32,868
Total Funding Costs	\$195,944.17	\$23,008	\$32,817	\$32,868
Current Level Services	195,944.17	23,008	32,817	32,868
Total Service Costs	\$195,944.17	\$23,008	\$32,817	\$32,868

Program Description

The Regents' Administration Program is the program under which the Regent's primary operations are recorded. Appropriation authority for the Regents to supervise, coordinate, manage and control the University System is contained in this program.

Budget Issues

The Administration Program includes the funding necessary to enable the Board of Regents to perform its necessary duties. The Board expended over its appropriated level in FY88. Consequently, through a supplemental request, \$5,000 was transferred from the FY89 budget into the FY88 budget. Additional expenditures of \$4,993 are included in actual FY88.

According to CHE, in FY88 each board member attended an average of 38 ¼ meetings thus expending a total of \$13,400. The executive recommendation assumes this same level of expenditures in FY90 and FY91.

Operating costs remain essentially the same in FY90 and FY91.

There is no equipment request.

During the last legislative session, HB787 was adopted. This bill appropriated \$163,000 of general fund to the Board of Regents for UM to provide an extension Master's of Business Administration program to EMC. This appropriation authority was to be transferred from the Board to the University of Montana. Although the executive budget recommends funding in FY90 and FY91 for the MBA program, it is suggested that funding be included in the CHE Distribution program. (Additional information included in the UM Instruction Program and the CHE Distribution Program.)

**MAGAZINE PROGRAM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	5.60	6.00	6.00	6.00
Personal Services	118,295.85	139,135	138,251	138,678
Operating Expenses	310,737.25	440,364	300,887	299,936
Equipment	0.00	0	2,100	551
Transfers	41,320.00	41,320	41,320	41,320
Total Program Costs	\$470,353.10	\$620,819	\$482,558	\$480,485
General Fund	41,320.00	41,320	41,320	41,319
Federal & Other Spec Rev Fund	0.00	58,500	0	0
Proprietary Fund	429,033.10	520,999	441,238	439,166
Total Funding Costs	\$470,353.10	\$620,819	\$482,558	\$480,485
Current Level Services	456,527.98	562,319	482,558	480,485
Modified Level Services	13,825.12	58,500	0	0
Total Service Costs	\$470,353.10	\$620,819	\$482,558	\$480,485

Program Description

The Publications Program exists to fulfill one of the primary roles of the Society - "to promote the study of Montana History by lectures and publications" (section 22-3-108(15), MCA). The program publishes Montana the Magazine of Western History and the Montana Post, the official newsletter of the Society, on a quarterly schedule. It also publishes books under the Montana Historical Society Press imprint. The program is also responsible for the operation of the retail and mail order museum store operation.

transfer was in FY88 only the budgeted FTE for FY89 and requested FTE for FY90 and FY91 is 6.00 FTE.

The general fund for the Magazine Program is maintained at a current level and is used to support the program for costs incurred above and beyond what can be generated in the proprietary funds. This program is primarily funded with proprietary money which is generated from the following accounts; 1) magazine sales, 2) Historical Society press, 3) Historical Society enterprise.

The equipment request includes a personal computer in FY90 and a typewriter in FY91. The computer is necessary to process the increasing number of manuscripts for press work. The typewriter is needed to replace a very old machine. The new typewriter will be used to produce purchase orders, correspondence and other documents.

Budget Issues

The Magazine program was budgeted for 6.00 FTE in FY88 and FY89. During FY88 a .40 FTE was transferred to the Museum program to work on centennial projects. Since this

**HISTORICAL SITES PRESERVATION
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	6.50	6.50	7.50	7.50
Personal Services	165,594.23	172,663	195,415	196,210
Operating Expenses	43,610.41	49,206	63,649	60,650
Equipment	0.00	7,473	4,860	11,679
Grants	83,088.35	600,567	350,000	350,000
Total Program Costs	\$292,292.99	\$829,909	\$613,924	\$618,539
General Fund	62,855.77	64,986	65,602	65,754
Federal & Other Spec Rev Fund	229,437.22	764,923	548,322	552,785
Total Funding Costs	\$292,292.99	\$829,909	\$613,924	\$618,539
Current Level Services	292,292.99	829,909	575,508	579,496
Modified Level Services	0.00	0	38,416	39,043
Total Service Costs	\$292,292.99	\$829,909	\$613,924	\$618,539

Program Description

The staff of the Historical Sites Preservation Program administer the federal Historic Preservation Act and the fed-

eral grants-in aid for historic preservation. They also review all federally proposed projects within the state to determine their effect on historical properties listed in the National

Register of Historic Places and those eligible for listing. The office certifies historic structures and rehabilitation projects for the federal tax credit offered in the Tax Reform Act of 1976 and oversees Montana's State Antiquities Act. The program is authorized by section 22-3-421, MCA.

Budget Issues

The personal services current level of 6.50 FTE remains unchanged in the FY90 and FY91 request. A modified FTE is also requested for FY90 and FY91.

The general fund only slightly increases above the FY88 current level.

The operational budget increase is primarily due to increased contracted services for audit fees and additional rent costs.

The general fund increases primarily for audit costs and the application of a lower vacancy savings rate in the 1991 biennium.

Grants were budgeted at \$610,000 in FY88 and FY89 from Federal and Other Special Revenue. However, the Society found that there were less funds available than anticipated.

Also, there were fewer applicants prepared to utilize these funds for various preservation projects. Consequently, only \$83,088 was expended in FY88. The agency anticipates that \$350,000 of projects will be re-granted throughout the state in FY90 and FY91, utilizing these Federal and Other Special Revenues.

The Historical Society has been informed by the U.S. Department of Interior that they will have a base of \$206,983 of federal funds to operate the Preservation program. The Interior Department has informed the Historical Society that based upon present allocations an additional \$305,000 will be available in FY90 and \$343,000 in FY91. Thus the recommended federal funding is \$509,906 in FY90 and \$513,742 in FY91. The FY89 budgeted level is far higher than can reasonably be expected in federal revenue.

Modification Request

Post Graduate Student - The Historical Society is requesting authority to hire a post graduate student to manage the Information System for the Historical Sites Preservation program. This work will require some operational support in addition to the personal services. The total federal fund cost of this project is \$38,416 in FY90 and \$39,043 in FY91.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	156,549.21	162,964	158,691	158,779
Operating Expenses	58,639.06	77,554	60,182	57,903
Equipment	456.00	2,000	0	3,000
Total Agency Costs	\$215,644.27	\$242,518	\$218,873	\$219,682
General Fund	196,810.96	202,018	198,473	199,282
Federal & Other Spec Rev Fund	8,500.00	28,500	0	0
Proprietary Fund	10,333.31	12,000	20,400	20,400
Total Funding Costs	\$215,644.27	\$242,518	\$218,873	\$219,682
Current Level Services	209,144.27	216,018	210,473	211,282
Modified Level Services	6,500.00	26,500	8,400	8,400
Total Service Costs	\$215,644.27	\$242,518	\$218,873	\$219,682

Agency Description

As authorized in section 20-31-102, MCA, the Fire Services Training School exists to organize, supervise, and coordinate training and education for fire service personnel in the state in accordance with local needs and the standards established by the State Board of Public Education. The board provides general supervision of the school, which is located in Great Falls at the Vocational-Technical Center.

The Fire Services Training School administers and maintains a resource center for use by localities; provides regional, local, and state-wide training programs for fire services personnel; develops courses and training materials; maintains a network of unsalaried field instructors and offers a fire service professional certification program.

Budget Issues

The recommended budget increases from the FY88 base by \$3,229 in FY90 and \$4,038 above the FY88 base in FY91. Personal services costs of \$4,350 were reallocated to operating expenses in FY88 due to a staff member taking a leave of absence. Since this is not expected to recur in FY90-91, the \$4,350 was subtracted from the base in operating expenses to arrive at the FY90-91 budget. A biennial appro-

priation for audit costs was budgeted but not expended in FY88 but will be spent in FY89. Additional budget authority of \$6,500 was granted through the budget amendment process in FY88 to allow the school to provide training on handling of hazardous materials. This additional authority was provided by federal funds. These funds are not expected to be available in FY90-91. Replacement of fire suppression equipment at a cost of \$3,000 is recommended in FY91. A vacancy savings rate of 2% was applied against this budget. The Fire Services Training School is currently funded 91% by the general fund, 5% by the proprietary fund through user fees on the resource library and sales of instruction manuals, and 4% through a Title IV grant which is used to purchase resource materials. This grant is not expected to be available in FY90-91.

Modification Request

Additional Office Space - This modification request allows the school to lease office space from the Great Falls fire department's fire training facility at an annual cost of \$8,400. This modification is necessary to provide adequate space both for staff and for an ever-increasing resource library. Funding for this modification would come from the proprietary fund through an increase in user fees.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	546.04	536.24	525.22	526.47
Personal Services	14,421,471.02	14,844,216	14,261,023	14,389,625
Operating Expenses	8,766,916.98	11,336,028	11,438,833	11,389,959
Equipment	1,514,580.32	1,366,172	2,017,324	1,540,582
Capital Outlay	444,315.27	6,665,812	10,000	10,000
Grants	326,019.48	706,200	839,430	164,880
Benefits and Claims	52,791.32	3,000	2,000	2,000
Transfers	1,934,487.52	1,975,536	5,274,298	4,013,019
Total Agency Costs	\$27,460,581.91	\$36,896,964	\$33,842,908	\$31,510,065
State Special Revenue Fund	18,729,539.83	25,133,958	21,258,378	20,437,264
Federal & Other Spec Rev Fund	6,813,808.70	9,415,851	10,312,683	8,784,214
Proprietary Fund	1,917,233.38	2,347,155	2,271,847	2,288,587
Total Funding Costs	\$27,460,581.91	\$36,896,964	\$33,842,908	\$31,510,065
Current Level Services	25,394,491.34	36,891,692	32,183,176	29,754,769
Modified Level Services	2,066,090.57	5,272	1,659,732	1,755,296
Total Service Costs	\$27,460,581.91	\$36,896,964	\$33,842,908	\$31,510,065

Agency Description

The purpose of the Department of Fish, Wildlife and Parks is to preserve, protect, enhance, maintain and make available to present and future generations all forms of Montana's wildlife, their habitat and the natural and cultural resources of aesthetic, scenic, historic, scientific and archaeological significance. The department's statewide responsibility in service to wildlife and habitat preservation reaches back over 83 years to the establishment in 1901 of a state game warden and early departmental structure. Since 1965, the department has also been responsible for the administration of the State Parks System in Montana. The Nongame and Endangered Species Conservation Act charges the department with the management of nongame wildlife for human enjoyment, for scientific purposes, and to ensure their perpetuation as members of ecosystems. The department is provided for in section 2-15-3401, MCA, and is regulated by Title 87, MCA.

Budget Issues

The department's budget increases by 23% from FY88 to FY90 utilizing available state and federal revenues. The department is not recommending any revenue enhancement. Snowmobilers, however, are preparing legislation which would raise the snowmobile decal fee, as set forth in 23-2-618, MCA, from \$2 to \$3 and designate the increase for enforcement costs of the department. There is a modification in the Law Enforcement Division budget for consideration in the event this legislation passes.

Throughout the department's 1991 biennium budget, the Legislative Contract Authority (LCA) is handled as a zero-based item. An amount comparable to the level approved by the 1987 Legislature is recommended for this authority which is used for the numerous federal and other grants received during a biennium that cannot be anticipated during the budgeting process.

Due to a settlement awarded in a snowmobile accident, the department's general liability insurance premiums increased from FY88 by 770% to \$279,470 in FY90. Total insurance

costs for the agency, which are budgeted at \$388,329 in FY90 and \$402,103 in FY91, are funded through the indirect cost pool and spread to all funding sources of the department.

During FY88, the department reorganized primarily for the purpose of clarifying staff and line positions for management effectiveness. Adjustments were made so that the FY88 base reflects a full year of expenditures with the new structure. The most significant changes included:

- (1) Seven Regions - More responsibility is delegated to the seven regional supervisors for day-to-day operations within their regions and they are placed under the Deputy Director to provide a direct channel of communication with the Director;
- (2) Statewide Divisions - Fisheries, Wildlife, Parks, Enforcement and the other program divisions operating out of the Helena office are placed under the Associate Director, enabling these divisions to more adequately address policy, planning and program development for the entire state;
- (3) Management Services - Centralized services now reports directly to the Director, rather than to the Deputy Director, and includes the planning, personnel and legal units in an expanded Management Services Division; and
- (4) Outfitters Advisory Council - was deleted from the organization chart because the 1987 Legislature transferred this function to the Department of Commerce.

In the Fisheries Division, base adjustments were made for the Murray Springs Hatchery which was partially on LCA and partially in the base. The hatchery has been moved into the base for the 1991 biennium. If the Fisheries Division modified-level requests are approved by the legislature, refunding of the base division budget will be necessary. All of the proposed new programs are funded 25% state license and 75% federal Wallop/Breaux funds. The department could fund the base operations at a higher percentage of federal money providing the budget modifications are approved. The net result would be that financing of the modifications would be from 100% federal funds.

In the Law Enforcement Division, the Coast Guard Program was moved from partially in the base and partially on LCA

to totally in the base budgets. In addition, an All Terrain Vehicle (ATV) group has expressed interest in changing the laws regulating their members and these changes would provide revenue for more enforcement efforts.

There are two important issues involving the Parks Division. First, the 1991 biennium budgets are prepared assuming Lost Creek, James Kipp, Hell Creek, Nelson Reservoir and Canyon Ferry areas will be returned to the federal government. These budgets were dropped and several redirection proposals were added by the department. Second, revamping user fees in the state parks system is

being assessed by an internal committee, based on a consultant's report recommending fees to finance maintenance and development costs. If appropriate, a recommendation will be given to the Fish and Game Commission for consideration. After public hearings, if the commission were to increase fees, more revenue would be generated and adjustments could be requested by the department in the Parks Division budget.

The modification requests for the 1991 biennium are summarized under each division.

MANAGEMENT SERVICES DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	40.10	40.70	40.20	40.20
Personal Services	886,811.39	970,394	1,001,611	1,004,245
Operating Expenses	1,234,489.98	1,555,435	1,772,006	1,715,005
Equipment	622,470.61	774,235	1,047,954	690,372
Capital Outlay	0.00	2,034	0	0
Transfers	118,327.00	150,660	213,651	176,020
Total Program Costs	\$2,862,098.98	\$3,452,758	\$4,035,222	\$3,585,642
State Special Revenue Fund	1,003,629.08	1,141,361	1,794,639	1,315,233
Federal & Other Spec Rev Fund	290,586.54	349,771	443,440	429,593
Proprietary Fund	1,567,883.36	1,961,626	1,797,143	1,840,816
Total Funding Costs	\$2,862,098.98	\$3,452,758	\$4,035,222	\$3,585,642
Current Level Services	2,853,121.31	3,452,758	3,860,662	3,417,264
Modified Level Services	8,977.67	0	174,560	168,378
Total Service Costs	\$2,862,098.98	\$3,452,758	\$4,035,222	\$3,585,642

Program Description

The Management Services Division is an administrative and support unit for the department. The division provides all fiscal services, advice on planning and budget development, personnel administration, legal services, federal aid coordination and word processing.

Modification Request

Cost Accounting - This modification is to provide contract services for preparing management system specifications that will enable the agency to track cost information related to expenses of meeting goals and objectives established through the department's planning process. The study will be funded 100% from the general license account and the cost is \$35,000 in FY90.

Vehicle Travel Costs - This modification will provide the additional authority to cover the vehicle expenses related to the travel which is included in the department's modified-level budget requests. Vehicles for this additional travel are provided through the department's equipment proprietary fund account. It is projected that vehicles will be driven an additional 465,000 miles and 510,000 miles in FY90 and FY91 respectively and this would result in the need for five additional vehicles in FY90 and six in FY91, assuming the agency replaces vehicles at 85,000 miles. The additional operating costs would be approximately \$.16 and \$.17 per mile in FY90 and FY91 respectively. The cost is \$139,560 in FY90 and \$168,378 in FY91 and the authority is in the proprietary equipment fund.

FIELD SERVICES DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	39.14	40.11	45.41	45.41
Personal Services	982,479.63	1,055,450	1,141,275	1,145,081
Operating Expenses	1,254,040.89	1,369,722	1,465,981	1,510,195
Equipment	195,141.50	60,200	134,000	109,582
Benefits and Claims	684.00	3,000	2,000	2,000
Total Program Costs	\$2,432,346.02	\$2,488,372	\$2,743,256	\$2,766,858
State Special Revenue Fund	2,168,975.80	2,209,279	2,382,812	2,427,675
Federal & Other Spec Rev Fund	164,337.87	159,033	241,737	238,760
Proprietary Fund	99,032.35	120,060	118,707	100,423
Total Funding Costs	\$2,432,346.02	\$2,488,372	\$2,743,256	\$2,766,858
Current Level Services	2,429,401.12	2,488,372	2,516,711	2,540,131
Modified Level Services	2,944.90	0	226,545	226,727
Total Service Costs	\$2,432,346.02	\$2,488,372	\$2,743,256	\$2,766,858

Program Description

The Field Services Division is responsible for engineering services, licensing, aircraft pilot pool, landowner/sportsmen relations and game damage.

Modification Request

Expand Block Management - This modification will expand this program which is designed to assist landowners in managing recreational demand on their private lands by providing an incentive to maintain free public access. The increasing interest of landowners in this program will require 1.50 FTE to assist Regions 4, 5 and 7 in landowner contacts and requests for assistance plus seasonal positions to provide recreational management on the ground for a total of 3.30 FTE each year of the biennium. Personal services and operating costs will be funded from the general license account with a total program expense of \$166,642 in FY90 and \$166,760 in FY91.

Fishing and Motorboat Access - A \$1.2 million expansion in Montana's Wallop-Breaux funding to meet site development needs for motorboat and fishing access sites will require an additional engineering position. The funding increase was granted to meet public demands for this recreation and represents a substantial increase in workload. This engineer will also be used to identify major maintenance projects on existing sites. The FY90 cost is \$36,641 funded with \$9,160 of general license revenue and \$27,481 of federal funds. The FY91 cost is \$36,675 funded with \$9,169 of general license revenue and \$27,506 of federal funds.

Microcomputer Support - The department currently has about 140 microcomputers installed with about 250 users. Only one full time FTE provides support for these users. The objectives of this requested modification are to provide adequate support services to the department's computer users and to increase the speed of developing custom applications which would improve efficiency and capability. The modification will be supported entirely with general license fees and the cost is \$23,262 in FY90 and \$23,292 in FY91.

**FISHERIES DIVISION
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	127.77	120.08	106.44	107.69
Personal Services	3,231,044.58	3,223,009	2,851,539	2,884,863
Operating Expenses	1,326,113.53	1,552,000	1,698,538	1,604,692
Equipment	166,417.35	108,198	261,735	224,863
Capital Outlay	56,702.64	0	0	0
Grants	18,500.00	68,500	18,500	18,500
Transfers	0.00	0	1,296,000	1,296,000
Total Program Costs	\$4,798,778.10	\$4,951,707	\$6,126,312	\$6,028,918
State Special Revenue Fund	2,764,985.77	2,830,863	3,068,818	3,022,473
Federal & Other Spec Rev Fund	2,033,792.33	2,120,844	3,057,494	3,006,445
Total Funding Costs	\$4,798,778.10	\$4,951,707	\$6,126,312	\$6,028,918
Current Level Services	4,024,076.86	4,951,707	5,597,800	5,545,466
Modified Level Services	774,701.24	0	528,512	483,452
Total Service Costs	\$4,798,778.10	\$4,951,707	\$6,126,312	\$6,028,918

Program Description

The staff of the Fisheries Division manage Montana's fisheries resources to provide optimum sport fishing for Montana's resident and nonresident anglers. They also regulate commercial use of nongame fish and fishing areas where commercial operations are compatible with sport fishing.

Modification Request

Missouri Basin Water Reservation - This modification will allow the department to participate in the water reservations process after the agency's application has been submitted to the Board of Natural Resources. Administrative rules require all applicants to pay DNRC for their share of the costs of EIS preparation, of holding the contested case hearing and preparing the hearing transcripts, except the salaries of DNRC personnel. The original estimate from DNRC for these costs was \$200,000, but this has been revised to the \$60,000 per year requested. Funding is \$15,000 general license account each year and \$45,000 of federal revenue each year of the 1991 biennium.

Angler Use and Harvest Survey - This modification will enable collection of angler use and harvest information needed to measure success in attaining Fisheries Division project goals. A mail survey in alternate years will provide estimates for every body of water in the state that receives significant use and a limited field angler annual census, rotated to different waters on a priority basis, will validate the results and collect more specific information. This survey modification is phased in with 1.00 FTE in FY90 and 1.50 FTE in FY91. The FY90 total cost is \$129,623 comprised of \$32,623 general license revenue and \$97,000 of federal funds. The FY91 total cost is \$64,505 comprised of \$16,505 license fees and \$48,000 federal funds.

Streambank Projects - This pilot program in heavy workload areas will enable contracting for the purpose of representing the department in review of 310 projects, irrigation diversions and U. S. Forest Service projects in specific regions. Recommendations will be reviewed and approved by fisheries personnel before submission and the program should enable regional fisheries managers to address priority areas of program planning and development, public involvement in management plan development and fishing access pro-

gram management. The total cost is \$41,000 each year of the 1991 biennium, comprised of \$10,000 general license account and \$31,000 federal funds per year.

Irrigation Structures - This streambank improvement program would fund the construction, distribution and evaluation of alternative irrigation structures. In 1987, portable structures were tested at two sites, one on the Bitterroot and one on the Clark Fork River. Because the tests were successful, this project will enable the construction of more sections to be located at sites scattered throughout the state so that more irrigators will be involved and larger scale testing can be accomplished. The total cost of this modification is \$20,000 each year of the 1991 biennium, including \$5,000 of license fees and \$15,000 of federal funds.

U. S. Forest Service Cooperation - The purpose of this modification is to cooperatively collect fisheries data on or adjacent to national forest lands for the purpose of improved planning and decision making in forest management activities. Data will be used to make recommendations on forest plan implementation, timber harvest, special use permits and species of special concern. The USFS would fund a biologist to be placed in forest(s) areas where the current data base is inadequate, where there is an immediate or long-term need for such information and where there are insufficient state or federal resources to gather the data. The department will provide operations expenses and temporary fieldworkers for this modification. There is 1.00 FTE in FY90 and 1.25 FTE in FY91. The total cost is \$41,615 in FY90, including \$10,447 of general license and \$31,168 of federal funds. The cost is \$51,582 in FY91, including \$12,951 of license and \$38,631 of federal funds.

Miles City Fish Hatchery - The objectives of this modification are to double the number of walleye and northern pike eggs collected and to provide operational funding and personnel to operate the Miles City Hatchery at its designed capacities. Ripe fish will be collected by trap netting or electrofishing, spawned and transported to the hatchery for incubation and rearing. There is added 0.93 FTE each year and operating costs for utilities and expanded operations. The total FY90 cost is \$81,552, including \$20,424 of license fees and \$61,128 of federal funds. The total FY91 cost is \$81,592, including \$20,435 of license fees and \$61,157 of federal funds.

Evaluate Fish Population - Designed to provide field technician assistance and operations support to meet workload increases, this modification will add 2.00 FTE in FY90 and 2.50 FTE in FY91. Tasks will include fish population evaluation and monitoring needed to develop and assess management plans, set regulations and assess habitat conditions on priority waters, including Flathead Lake, Flathead River, Rock Creek, Blackfoot River, Big Hole River, Beaverhead River, Missouri River, Canyon Ferry Reservoir, Hauser Reservoir, Holter Reservoir, Yellowstone River, Bighorn River and the Fort Peck Reservoir. Other monitoring efforts would be directed at determining status of species of special concern and dealing with user group conflicts on heavily-used waters. The total FY90 cost is \$98,124, with \$24,546 of the general license fees and \$73,578 of federal funds. The total FY91 cost is \$108,086, with \$27,060 of license fees and \$81,026 of federal funds.

Fishing and Motorboat Access - This modification is designed to provide assistance needed to administer the fish-

ing access and motorboat access programs. These programs were transferred from the Parks Division to the Fisheries Division with no increase in FTE and the programs have also expanded as a result of increased federal funding. The modification will add 0.75 FTE each year of the biennium and operating expenses for total program costs of \$35,080 and \$35,148 each year respectively. Funding is \$8,770 and \$8,787 of license fees each year respectively plus \$26,310 and \$26,361 of federal funds each year respectively.

Flathead Lake Fishery - This modification will enable Flathead Lake Kokanee stocking on an experimental basis in response to the declines in survival of naturally-spawned fish. There is increased demand for Kokanee fry in Flathead Lake and other waters in Northwest Montana. The modification will add 0.50 FTE, operating expenses and equipment. The total FY90 cost of \$21,518 includes \$5,380 of license funds and \$16,138 of federal revenue. The total FY91 cost of \$21,539 includes \$5,385 of license funds and \$16,154 of federal revenue.

LAW ENFORCEMENT DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	91.94	91.40	92.77	92.77
Personal Services	3,051,963.87	3,101,120	2,844,358	2,858,162
Operating Expenses	880,215.96	888,125	908,255	957,140
Equipment	157,749.93	90,789	138,726	103,939
Benefits and Claims	4,738.17	0	0	0
Transfers	0.00	0	7,500	7,500
Total Program Costs	\$4,094,667.93	\$4,080,034	\$3,898,839	\$3,926,741
State Special Revenue Fund	3,874,550.75	3,925,402	3,832,903	3,890,859
Federal & Other Spec Rev Fund	220,117.18	154,632	65,936	35,882
Total Funding Costs	\$4,094,667.93	\$4,080,034	\$3,898,839	\$3,926,741
Current Level Services	3,889,641.56	4,074,762	3,846,778	3,874,667
Modified Level Services	205,026.37	5,272	52,061	52,074
Total Service Costs	\$4,094,667.93	\$4,080,034	\$3,898,839	\$3,926,741

Program Description

The Enforcement Division staff are responsible for protecting fish and wildlife and their habitat and for protecting recreation, historical, and archaeological sites from willful or negligent destruction. They maintain field administration of license agents and administer the provisions of special purpose licenses and permits. The 1981 Legislature established the Conservation Officer Program to increase enforcement of game laws by using non-enforcement personnel.

Modification Request

Snowmobile Act - The purpose of this modification is to provide the funding and personnel necessary to enforce the

registration provisions of the Snowmobile Act. A snowmobile group is proposing that the decal fee be raised from \$2 to \$3 with the increase designated for enforcement. If such legislation were to pass, this modification would add 0.50 FTE each year of the 1991 biennium. The FY90 total cost would be \$17,208 and the FY91 cost would be \$17,212. The enforcement would be supported entirely by the increased snowmobile decal fees.

Warden in East Missoula/Rock Creek - Due to the workload increase resulting from more sporting use of these resources, this modification would add 1.00 FTE warden and operations expenses each year of the 1991 biennium. The expansion is 100% funded with general license fees and the total cost is \$34,853 in FY90 and \$34,862 in FY91.

**WILDLIFE DIVISION
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	109.97	106.60	96.12	96.12
Personal Services	2,955,169.23	3,057,778	2,754,180	2,766,933
Operating Expenses	1,953,331.62	3,643,281	2,952,712	2,980,278
Equipment	129,209.40	166,560	125,324	134,173
Capital Outlay	0.00	3,540,000	0	0
Grants	8,626.18	32,700	30,930	36,380
Transfers	0.00	0	1,796,000	1,787,000
Total Program Costs	\$5,046,336.43	\$10,440,319	\$7,659,146	\$7,704,764
State Special Revenue Fund	2,410,738.41	7,103,707	3,624,217	3,638,923
Federal & Other Spec Rev Fund	2,635,598.02	3,336,612	4,034,929	4,065,841
Total Funding Costs	\$5,046,336.43	\$10,440,319	\$7,659,146	\$7,704,764
Current Level Services	4,418,331.24	10,440,319	7,598,661	7,643,284
Modified Level Services	628,005.19	0	60,485	61,480
Total Service Costs	\$5,046,336.43	\$10,440,319	\$7,659,146	\$7,704,764

Program Description

The Wildlife Division is responsible for the department's survey, inventory, and research of the state's wildlife resource and its habitat. This work provides a biological basis for game and fur season recommendations to the commission each year. The staff maintain cooperation with federal and state agencies, organizations, landowners, and sportsmen in programs affecting wildlife in the state. The division staff also operate and maintain the department's wildlife management areas.

Modification Request

Impact of Timber Sales/Hunting - The department proposes a cooperative project with the USFS and the BPA, to be funded one third by each participating agency, for the purpose of providing personnel to plan timber sales by the forest service in the Lolo National Forest, related to the four hunting districts involved and the BPA powerline access. The department's share of the project is 0.33 FTE each year

of the biennium and related operating expenses for a total cost of \$16,608 in FY90 and \$16,625 in FY91. The department share is supported entirely with general license funds.

Habitat/Timber Sale Planning - This modification request is for a jointly-funded fisheries and wildlife biologist with the Department of State Lands (DSL) in order to continue the position which has been in DSL. The purpose is to implement habitat guidelines for state forest lands on timber sales and to continue training DSL employees for timber sale planning which is compatible with wildlife values and concerns. The project is supported with license fees and the cost is \$16,063 in FY90 and \$16,107 in FY91.

Non-Game Program - The purpose of this modification is to add 0.60 FTE to help promote the nongame tax checkoff by informing the public of the program benefits and to develop comprehensive regional inventories. The efforts would be supported by the general license account and the total cost is \$27,814 in FY90 and \$28,748 in FY91.

RECREATION & PARKS DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	82.94	81.37	84.43	84.43
Personal Services	1,661,750.01	1,696,160	1,903,352	1,958,723
Operating Expenses	1,117,654.80	1,252,348	1,463,581	1,376,936
Equipment	191,878.90	159,890	250,810	243,353
Grants	188,893.30	445,000	700,000	0
Transfers	0.00	0	18,162	22,635
Total Program Costs	\$3,160,177.01	\$3,553,398	\$4,335,905	\$3,601,647
State Special Revenue Fund	2,720,966.04	2,842,929	2,980,042	2,872,803
Federal & Other Spec Rev Fund	188,893.30	445,000	999,866	381,496
Proprietary Fund	250,317.67	265,469	355,997	347,348
Total Funding Costs	\$3,160,177.01	\$3,553,398	\$4,335,905	\$3,601,647
Current Level Services	3,160,177.01	3,553,398	3,947,133	3,130,690
Modified Level Services	0.00	0	388,772	470,957
Total Service Costs	\$3,160,177.01	\$3,553,398	\$4,335,905	\$3,601,647

Program Description

The staff of the Recreation and Parks Division are responsible for the operation and maintenance of the State Parks System, including state parks, recreation areas, monuments, recreational waterways, and recreational roads and trails. They are also responsible for: conservation of the scenic, historic, archaeological, scientific and recreational resources of the state; administration of the federal land and water conservation fund in Montana; and the administration of snowmobile recreation in Montana, by providing for maintenance and installation of snowmobile facilities.

Budget Issues

This budget includes capitol complex grounds maintenance and snow removal which cost \$160,392 in FY88 and is budgeted at \$216,206 in FY90 and \$200,901 in FY91. All state agencies in the capitol complex pay for these services at a rate of \$.2557 per square foot of office space in FY90 and at \$.2376 in FY91. The primary reason for the maintenance cost increase from the FY88 base is transfer of more than \$29 thousand of water costs for care of the grounds from the Department of Administration General Services Division.

It is recommended that the general appropriations act include language enabling the department to submit a budget amendment to provide the increased proprietary fund authority if that becomes necessary for snow removal or other emergency, in which case the program cash balance maintained for such emergencies would be used.

Modification Request

Montana Conservation Corps - The department will submit legislation to create a Montana Conservation Corps (MCC) within the Parks Division for the purpose of accomplishing improvements for the state parks system and for other public lands for which specific responsibilities are acceted through service contracts and for the purpose of providing

work experience for unemployed or economically disadvantaged youth and adults which will enable them to serve society, learn practical skills and establish sound work records. This modification would add 3.00 FTE, operating expenses of \$33,700 in FY90 and \$46,880 in FY91 and expenditure authority for SRS to divert benefits for AFDC and GA recipients to the department in order to pay a portion of the work experience hourly stipends which MCC enrollees would receive. No authority is required for MCC enrolles eligible for the Department of Labor Job Training Partnership Act (JTPA) or JTPA Summer Youth Training Program. In addition to this modification, there is in the Parks Division budget \$40,000 in FY90 and \$60,000 in FY91 for major maintenance projects to be carried out by the MCC. The total modified program cost is \$256,918 in FY90 and \$338,547 in FY91.

Increase Fishing Access Caretaker Services - This modification will initiate scheduled maintenance of fishing accesses in Regions 1, 3, 4 and 5 which have been acquired and developed without corresponding funding and personnel for operation. This will add 1.81 FTE, operating and equipment expenses with total modification costs of \$47,854 in FY90 and \$48,410 in FY91. The modification is funded entirely with general license fees.

State Parks Road System - The purpose of this modification is to redirect approximately one-tenth of 1% of the state fuel tax and combine it with available federal FWP matching funds for the construction, improvement and maintenance of those public highways which are within the state park system and connecting thereto, pursuant to 23-1-104 and 60-3-201, MCA. The 1988 Statewide Comprehensive Outdoor Recreation Plan lists the poor condition of highways leading to and within parks as a detractor to a healthy recreation and tourism industry in the state. The department will contract the services and the funding will be \$84,000 each year of the 1991 biennium from the state Department of Highways special revenue account.

CAPITAL OUTLAY Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	6,100.29	0	0	0
Capital Outlay	380,112.63	3,123,778	0	0
Transfers	1,816,160.52	1,824,876	1,852,985	633,864
Total Program Costs	\$2,202,373.44	\$4,948,654	\$1,852,985	\$633,864
State Special Revenue Fund	1,385,300.98	2,590,891	921,235	555,739
Federal & Other Spec Rev Fund	817,072.46	2,357,763	931,750	78,125
Total Funding Costs	\$2,202,373.44	\$4,948,654	\$1,852,985	\$633,864
Current Level Services	1,816,160.52	4,948,654	1,852,985	633,864
Modified Level Services	386,212.92	0	0	0
Total Service Costs	\$2,202,373.44	\$4,948,654	\$1,852,985	\$633,864

Program Description

The Capital Outlay Program supports the department in land acquisition and development and maintenance activities.

The Long-Range Building Program (LRBP) house bill will authorize funds for the department's capital projects for the 1991 biennium. Projects are listed individually in the special LRBP section presented in the front part of this report.

The transfers shown above are costs associated with bond sales.

Budget Issues

The department expends capital outlay project funds through this program. The main table above shows actual expenditures for FY88.

CONSERVATION EDUCATION DIV Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	22.20	23.05	23.05	23.05
Personal Services	686,648.10	696,732	709,202	711,746
Operating Expenses	512,549.01	522,140	547,793	563,073
Equipment	21,238.84	3,000	25,750	19,000
Grants	0.00	0	0	20,000
Total Program Costs	\$1,220,435.95	\$1,221,872	\$1,282,745	\$1,313,819
State Special Revenue Fund	1,097,706.77	1,082,347	1,141,218	1,150,101
Federal & Other Spec Rev Fund	122,729.18	139,525	141,527	163,718
Total Funding Costs	\$1,220,435.95	\$1,221,872	\$1,282,745	\$1,313,819
Current Level Services	1,220,435.95	1,221,872	1,275,245	1,286,319
Modified Level Services	0.00	0	7,500	27,500
Total Service Costs	\$1,220,435.95	\$1,221,872	\$1,282,745	\$1,313,819

Program Description

The Conservation Education Division exists to assist the department in reaching its overall goals through well-designed public information and education programs. The program informs the public about fish and wildlife laws, administrative rules and policies that are designed to regulate outdoor recreation activities; creates a public awareness of the responsibilities of the Department of Fish, Wildlife and Parks in state government and in the management of fish, wildlife and parks; educates the public about the needs of fish and wildlife and the importance of other natural and

cultural resources associated with outdoor recreation; informs citizens of issues that may affect fish, wildlife, parks and various forms of outdoor recreation; fosters good will and support for the department and its programs; and encourages communication and cooperation among sportsmen, landowners, and the department; coordinates training in the areas of hunter, boat and snowmobile safety.

Modification Request

Hunter Safety Program - Completion of a course in the safe handling of firearms is a requirement for any youth between

the ages of 12 and 18 who wishes to purchase a hunting license. Volunteer instructors teach approximately 6,000 young people annually in the state and this modification will provide an awards/incentive to formally acknowledge and thank these instructors for their contributions. It is hoped that these awards, to be presented at milestones such as numbers of students taught or years of service, will be an inducement for instructors to remain involved. The program cost is \$7,500 each year of the 1991 biennium, with \$1,875 from the license account and \$5,625 of federal funds.

Public Shooting Ranges - This modification addresses provision of more safe public shooting ranges which is being identified as a need by more individuals and public interest groups throughout the state. A pilot grant program would be initiated with the department providing dollars to assist in the development of ranges in hopes of eliminating increasing pressure on private land owners and providing increased safe shooting opportunities to youth participating in hunter education courses and to the hunting and shooting public. This pilot will begin in FY91 and be 100% federally funded at \$20,000 for program development, provision of grants, follow-up with groups selected and monitoring the results.

ADMINISTRATION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	31.98	32.93	36.80	36.80
Personal Services	965,604.21	1,043,573	1,055,506	1,059,872
Operating Expenses	482,420.90	552,977	629,967	682,640
Equipment	30,473.79	3,300	33,025	15,300
Capital Outlay	7,500.00	0	10,000	10,000
Grants	110,000.00	160,000	90,000	90,000
Benefits and Claims	47,369.15	0	0	0
Transfers	0.00	0	90,000	90,000
Total Program Costs	\$1,643,368.05	\$1,759,850	\$1,908,498	\$1,947,812
State Special Revenue Fund	1,302,686.23	1,407,179	1,512,494	1,563,458
Federal & Other Spec Rev Fund	340,681.82	352,671	396,004	384,354
Total Funding Costs	\$1,643,368.05	\$1,759,850	\$1,908,498	\$1,947,812
Current Level Services	1,583,145.77	1,759,850	1,687,201	1,683,084
Modified Level Services	60,222.28	0	221,297	264,728
Total Service Costs	\$1,643,368.05	\$1,759,850	\$1,908,498	\$1,947,812

Program Description

The staff of the Administration Program provide executive leadership functions of the Fish and Game Commission, the Director's Office, and the management staff in the regions. The commission sets department policies and priorities and regulates the harvest of fish, game and furbearers through regulations establishing seasons and bag limits. The Director's Office provides executive direction for the department's overall program and implements policies established by the legislature, Governor and the Fish and Game Commission.

Modification Request

Fixed Costs - The department has recently replaced regional headquarters in Regions 1, 4 and 5 and this modification is to meet the increases in fixed costs such as heat, lights, janitorial and security services. The total cost is \$32,576 in

FY90 and \$31,201 in FY91 supported entirely by general license funds.

Regional Support - Increasing workload in the regions resulting from decentralization, additional laws and increasing public contact are requiring more time and effort at the regional level. To help solve this problem, the modification would provide 5.50 FTE to be used by regional supervisors to assist with special hunting seasons, game damage, block management, licensing questions, big game auction sales, general public inquiries and servicing license dealers. Funding would be entirely from license fees and the total program cost would be \$138,721 in FY90 and \$133,527 in FY91.

Fish and Wildlife Enhancement - The federal Sikes Act Program requires matching with the federal Bureau of Land Management and U. S. Forest Service challenge grants for fish and wildlife enhancement projects. This modification will authorize general license fees matching in the amount of \$50,000 in FY90 and \$100,000 in FY91.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	264.23	276.20	291.35	292.35
Personal Services	6,963,196.36	7,687,054	8,099,892	8,145,237
Operating Expenses	8,060,731.86	12,995,352	9,758,776	9,736,284
Equipment	320,067.70	342,526	528,156	122,088
Grants	7,012,488.11	4,667,393	7,687,090	8,182,815
Benefits and Claims	4,838,836.66	7,491,298	5,663,102	6,029,020
Total Agency Costs	\$27,195,320.69	\$33,183,623	\$31,737,016	\$32,215,444
General Fund	3,577,682.48	3,979,039	3,453,499	3,416,213
State Special Revenue Fund	2,121,568.36	3,047,589	4,054,744	3,684,674
Federal & Other Spec Rev Fund	21,496,069.85	26,156,995	24,228,773	25,114,557
Total Funding Costs	\$27,195,320.69	\$33,183,623	\$31,737,016	\$32,215,444
Current Level Services	25,742,472.74	30,507,789	25,370,004	25,990,582
Modified Level Services	1,452,847.95	2,675,834	6,367,012	6,224,862
Total Service Costs	\$27,195,320.69	\$33,183,623	\$31,737,016	\$32,215,444

Agency Description

The Department of Health and Environmental Sciences was created to protect and promote the health of the people of Montana through the implementation of beneficial public health programs and the enforcement of public health laws and regulations. It is the responsibility of the department staff to assess health care needs and problems in cooperation with local and private sources, to develop and implement programs designed to meet health needs and alleviate problems, and to continually evaluate current public health programs.

The department administers the maternal and child health block grant and the preventive health block grant and categorical grants from the federal government. Examples of categorical grants are federal funding for solid and hazardous waste, air and water quality problems.

The department is provided for in section 2-15-2101, MCA, and its general powers and duties are specified in section 50-1-202, MCA.

Budget Issues

The Department of Health and Environmental Sciences (DHES) had an internal reorganization within the Health

Services and Medical Facilities Division during FY89. Within the division, the Dental Program was transferred from the Preventive Health Bureau into the Family and Maternal Child Health Bureau. This transfer will properly reflect the funding of the program. The Behavioral Risk Program and the Health Education Risk Reduction Program were transferred from the Preventive Health Bureau into the division administrator program for the division.

The department receives two block grants which are distributed to various programs. The Preventive Health Block Grant (PH) does not require a state match and up to 10% of the grant may be used for administration costs. PH block grant contains a supplantation clause and funds may not be used to supplant state funds.

Table #1 shows the distribution of the PH block grant. The general appropriations bill should include language that directs the department director to make program reductions if the actual amount of block grant funds received is less than the budgeted amount. If block grant funds are greater than budgeted, the director would distribute additional funds based on identifiable needs.

Department of Health and Environmental Sciences Table 1
Preventive Health Block Grant
FY88 and the 1990-91 Biennium

Program	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Centralized Services			
Microbiology Lab	\$54,467	\$66,757	\$66,837
Health Services/Medical Facilities Division			
Division Administrator	10,920	13,287	13,325
Emergency Medical Services	162,136	177,703	178,878
Risk Reduction	48,416	56,374	56,632
Family Planning	202,015	202,015	202,079
Perinatal Program	67,412	69,667	68,052
Dental	19,126	0	0
Rape Crisis	11,970	11,968	11,968
Total	\$576,462	\$597,771	\$597,771

The Maternal and Child Health Block Grant (MCH) must be matched with state or local funds. State and local governments must match every \$4 in federal funds with at least \$3 in local funds. The MCH block grant must be used for low-income children and mothers and to reduce infant disease and mortality. Services that can be funded include: immunizations, rehabilitation services for blind and disabled children up to the age of 16 years old receiving Medicaid benefits, hospitalization and medical services.

Table #2 shows the distribution of the MCH block grant for the department. The general appropriations bill should include language that directs the department to increase the grants to counties should the level of the MCH block grant be higher than the budgeted amount in either year of the biennium. If the amount received is lower than the budgeted amount, grants to counties would be reduced.

Department of Health and Environmental Sciences Table 2
Maternal and Child Health Block Grant
FY88 and the 1990-91 Biennium

Program	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Health Services/Medical Facilities Division			
Division Administrator	\$23,485	\$29,897	\$29,981
MCH Bureau Admin.	128,045	246,087	246,335
Family Planning	29,000	29,000	29,000
Handicapped Children	1,036,102	842,058	842,315
MCH Grant to Counties	651,888	651,427	650,425
Perinatal Program	137,673	228,951	230,045
Dental	42,514	74,383	73,702
Total	\$2,048,707	\$2,101,803	\$2,101,803

Indirect cost for DHES are applied against personal services within the agency. In the past indirect cost have been applied against personal services funded by state special revenue and federal funds. Personal services funded by general funds were not assessed indirect costs. To comply with federal regulations which state "once a decision is made by a grantee to treat a cost either as direct or as indirect, it must be treated that way for all projects and principal activities of the organization regardless of the source of funding", the

department will now assess general funded personal services for indirect costs. This new allocation of indirect costs will increase indirect costs within the department.

Table #3 shows the estimated indirect cost recovery by program for the 1991 biennium. During the 1991 biennium, indirect cost revenue will fund the Director's Office except the Director's salary and the Centralized Services Division administration program and part of the fiscal program within the division.

Department of Health and Environmental Sciences Table 3
Estimated Indirect Cost Allocation by Program
1990-91 Biennium

Program 01	\$38,285	\$38,285
Program 02	224,936	225,808
Program 03	252,256	252,890
Program 04	264,011	273,867
Program 05	311,107	311,579
Program 06	84,939	85,166
Program 07	158,040	158,380
Program 08	152,161	152,277
Program 09	221,145	221,501
Program 10	33,750	33,847
Total Indirect Cost	<u>\$1,740,630</u>	<u>\$1,753,600</u>
Agency Share of Indirects	\$1,258,475	\$1,267,853
General Fund Share of Indirects	\$482,155	\$485,747

The 1987 Amendments to the Federal Clean Water Act created, under Title VI, a new financial assistance program to fund water pollution control projects. The new program is

intended to provide a means of transition from the federally funded Construction Grants Program to a self-sufficient State Revolving Loan (SRF) Program. This program implements the transfer of the responsibility of financing wastewater treatment projects from the federal government to state and local governments. Through the Environmental Protection Agency (EPA) a capitalization grant is made to the states for a period beginning in FFY89 and ending in FFY94. Montana could receive up to \$41,706,000 during this period to establish a revolving loan fund. To receive the grant from EPA the state must agree to match the federal funds with an amount equal to 20% of the federal share. Numerous federal requirements, essentially equal to the construction grants requirements, apply to the projects funded from the initial capitalization grant. DHES and the Department of Natural Resources (DNRC) will implement a plan to phase in this new program with DHES handling the technical aspects and DNRC responsible for the financial matters.

The general appropriation bill should include language that would allow the department to budget amend in federal revenues that exceed the federal amounts budgeted in programs. This would allow the department to add additional federal spending authority unless specifically prohibited by legislative action.

DIRECTOR'S OFFICE Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	11.50	11.50	10.00	10.00
Personal Services	377,325.74	450,721	369,483	370,427
Operating Expenses	106,823.13	438,602	291,388	293,810
Equipment	12,008.88	6,032	1,783	368
Total Program Costs	\$496,157.75	\$895,355	\$662,654	\$664,605
General Fund	347,814.49	335,757	230,139	229,449
State Special Revenue Fund	23,127.04	476,873	200,000	200,000
Federal & Other Spec Rev Fund	125,216.22	82,725	232,515	235,156
Total Funding Costs	\$496,157.75	\$895,355	\$662,654	\$664,605
Current Level Services	473,030.71	895,355	459,774	461,725
Modified Level Services	23,127.04	0	202,880	202,880
Total Service Costs	\$496,157.75	\$895,355	\$662,654	\$664,605

Program Description

The Director's Program provides for the overall management and policy development of the department. Included in this program are the deputy director, personnel, and planning functions.

The Board of Health and Environmental Sciences is a quasi-judicial board appointed by the Governor to advise the Department of Health and Environmental Sciences in public health matters.

The Legal Services Program staff have primary responsibility to provide legal representation for the department. They also enforce several federal statutes, such as the Federal Clean Air Act, the Resource and Recovery Act, and Clean Water Act, and respective implementing regulations.

Budget Issues

The Director's Office was authorized 11.50 FTE during the 1988-89 biennium. One and One half FTE added during the FY88-89 biennium for the natural resources lawsuit authorized by HB777, an act generally revising funding for hazardous waste management programs of the Department of Health and Environmental Sciences, have been reduced for the 1990-91 biennium. These positions remained vacant throughout most of the FY88-89 biennium as the department contracted by budget amendment with the law firm of Cogswell and Wehrle from Denver to serve as adjunct counsel to agency staff attorneys in the enforcement of state and federal hazardous waste laws. Personal services of \$1,230 associated with a budget amendment for the enforcement of hazardous waste laws has been deleted from the base expenditure level. A 2% vacancy savings rate has been applied to this program.

Operating expenses of \$21,897 associated with the budget amendment for the enforcement of hazardous waste laws has been deleted from the base expenditure level. Current level operating expenses increase \$3,583 from FY88. This increase is due to the change in indirect costs with some offsetting decreases in other areas.

Equipment purchases include replacing two personal computers in FY90 - \$1,356 and office equipment, \$427 in FY90 and \$368 in FY91 located in the Legal Unit.

Funding for this program includes general fund for the Board of Health, the Legal Unit and for the Director in the Director's Office. The Director's Office excluding the Director will be funded with indirect funds. This is a change from previous years when the Director's Office was funded with Maternal and Child Health (MCH) and Preventive Health (PH) Block Grant Funds. The MCH and PH Block Grant funds will be redirected to the other programs and used for the indirect cost assessment.

Table #4 breaks out the three subprograms located within the Director's Office. The table breaks down each subprogram by FTE, expenses, and funding. FY88 expenditures include \$23,127 in expenses associated with the hazardous waste budget amendment.

Department of Health and Environmental Sciences Table 4
Director's Division by Subprogram
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Director's Office			
FTE	7.00	7.00	7.00
Personal Services	\$269,875	\$264,289	\$264,878
Operating	66,239	45,525	47,820
Equipment	1,685		
Total Cost	<u>\$337,799</u>	<u>\$309,814</u>	<u>\$312,698</u>
General Fund	\$226,938	\$78,739	\$78,982
Federal Funds	110,861	231,075	233,716
Total Funds	<u>\$337,799</u>	<u>\$309,814</u>	<u>\$312,698</u>
Board of Health			
Personal Services	\$1,700	\$3,150	\$3,150
Operating	4,344	6,781	6,785
Total Cost	<u>\$6,044</u>	<u>\$9,931</u>	<u>\$9,935</u>
General Fund	<u>\$6,044</u>	<u>\$9,931</u>	<u>\$9,935</u>
Legal Unit			
FTE	3.0	3.0	3.0
Personal Services	\$105,751	\$102,044	\$102,399
Operating	36,241	36,202	36,325
Equipment	10,323	1,783	368
Total Cost	<u>\$152,315</u>	<u>\$140,029</u>	<u>\$139,092</u>
General Fund	\$114,832	\$140,029	\$139,092
State Special Rev.	23,127	0	0
Federal Funds	14,356	0	0
Total Funds	<u>\$152,315</u>	<u>\$140,029</u>	<u>\$139,092</u>

Modification Request

Lexis Legal Database - During the last legislative session the Legal Unit received authority to purchase modems for use in accessing the Lexis legal database through the State Law Library. Funding for these services is 50% general fund and 50% charge back costs of the operating program of the department. General fund cost of \$1,440 and federal and other special revenue of \$1,440 are requested each year of the 1990-91 biennium.

Natural Resources Lawsuit - On February 11, 1988 the governor approved a contract with the Denver Law Firm of Cogswell and Wehrle to represent the state of Montana on pending civil action against the responsible parties for destruction, loss of, or injury to the natural resources of the State as authorized by the federal Comprehensive Environmental Response Compensation and Liability Act. Continued funding of \$200,000 from the Resource Indemnity Trust Fund (RIT) each year of the 1990-91 biennium is recommended.

CENTRAL SERVICES
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	56.10	57.50	60.50	60.50
Personal Services	1,291,451.05	1,396,919	1,468,827	1,473,081
Operating Expenses	547,028.08	602,553	890,473	838,642
Equipment	123,144.40	65,264	277,695	1,927
Total Program Costs	\$1,961,623.53	\$2,064,736	\$2,636,995	\$2,313,650
General Fund	774,346.88	813,336	690,537	679,010
State Special Revenue Fund	618,283.21	605,292	1,020,046	771,630
Federal & Other Spec Rev Fund	568,993.44	646,108	926,412	863,010
Total Funding Costs	\$1,961,623.53	\$2,064,736	\$2,636,995	\$2,313,650
Current Level Services	1,925,646.39	1,962,592	2,139,175	2,039,736
Modified Level Services	35,977.14	102,144	497,820	273,914
Total Service Costs	\$1,961,623.53	\$2,064,736	\$2,636,995	\$2,313,650

Program Description

The Centralized Services Division administration is responsible for overall division administration, establishing goals and objectives for the individual bureaus to accomplish, review and approve all departmental contracts and grants. The division also provides the department with all budgeting and financial data and reporting. The administrator reports on the achievement of the department and the status of its work to higher authorities, including the director, Governor, appropriate legislative groups, federal agencies and the general public.

The Support Services Bureau provides support services for the Department of Health and Environmental Sciences. The following units are included in the bureau.

The fiscal unit of Support Services Bureau is responsible for producing accounts receivables, cash receipting, procurement of goods and services, delivery and pickup of mail, assistance in grant preparation and reporting, payment of all claims and processing of all maintenance problems with the building.

The major objective of the data processing unit is to assist all units of the department in programming. This unit also coordinates the programming and equipment needs of the department, and is supported by user fees.

The film library provides film library services to the department, the Department of Institutions and health professionals throughout the state. Films are provided on an as-available basis.

The word processing unit is responsible for producing larger word processing jobs than can be handled by bureau personnel. This unit also handles the over-flow of work from other bureaus.

The Bureau of Records and Statistics operates Montana's vital statistics system. This bureau provides services to persons and agencies in providing information regarding certain legal certificates for individuals and also produces statistical tabulations and analysis based on vital records and other public health data. Statistical and consultative services are provided to the department and local health agencies. The bureau also houses the Montana central tumor registry which provides statewide cancer data for use in studying the diagnosis and treatment of cancer patients.

The Chemistry Laboratory Bureau provides analytical and consulting services in the following areas:

Water - Determines the concentrations of metals, organic and inorganic compounds in drinking water, wastewater and in surface and groundwater in Montana. These analyses are run for the programs of the Water Quality Bureau, Montana Fish, Wildlife and Parks Department, Environmental Protection Agency, and Solid and Hazardous Waste Bureau. Private water samples are also analyzed.

Air - Analyzes air-related samples for metals, organic and inorganic compounds and particulates in support of the programs of the Air Quality Bureau and the Occupational Health Bureau. Air samples from private sources are also analyzed.

Hazardous waste/superfund - Analyzes wastes for metals and organic compounds and classifies wastes as hazardous or nonhazardous in support of programs of the Solid and Hazardous Waste Bureau.

Food and consumer safety - Analyzes food and other commercial products for adulterants at the request of the Food and Consumer Safety Bureau. Recent examples include EDB in cereal products and coumarin in Mexican vanilla.

Occupational health - Analyzes body fluids for toxic metals and organic compounds at the request of the Occupational Health Bureau. Examples are lead in blood or pentachlorophenol in urine.

The Public Health Laboratory provides the following public health services to department programs, hospitals, physicians, and public health facilities in Montana:

- Testing and consultation in support of communicable disease and environmental programs;
- Investigation of disease outbreaks;
- Statewide registration of laboratory personnel;
- Approval of laboratories providing prenatal and premari-tal serologies (rubella and syphilis);
- Reference laboratory for hospitals and other laboratories within the state;
- Certification of laboratories performing microbiological analysis of drinking water; and
- Testing each newborn child in the state for metabolic diseases, including galactosemia, phenylketonuria and congenital hypothyroidism.

Budget Issues

DIVISION ADMINISTRATION

The appropriation for administration of the Centralized Services Division (CSD) decreases about \$6,500 from FY88. FTE remain unchanged from FY88 to the 1990-91 biennium, but there is an increase of \$6,348 in personal services from FY88 to FY90. This is due to a vacant position in FY88. A 2% vacancy savings has been applied to this program.

Most operating expenses are budgeted at FY88 actual cost. There is a decrease in contracted services due a decrease in insurance and bonds and information center services from the Department of Administration. Rent and repair and maintenance reflect minor increases from FY88. Travel has been budgeted to allow the department to travel to Denver to negotiate the Maternal and Child Health Block Grant contract and funding. State travel has also been budgeted to allow consultation with counties on audit reports.

Funding for this program is from indirect costs assessed on the portion of personal services paid by general fund, state special revenue, and federal funds (see agency overview).

SUPPORT SERVICES BUREAU

The Support Services Bureau has several programs including fiscal, film library, data processing and word processing pool. One and one half FTE were transferred within Centralized Services from the Support Services Bureau to the Microbiology Laboratory in FY88 for the 1988-89 biennium. 0.38 FTE was added in FY88 by the budget amendment process and will continue into FY89 as 1.00 FTE. A 2% vacancy savings rate has been applied to this program. Costs associated with budget amendments of \$25,875 have been removed from the base year.

Operating expenses increase \$40,336 from FY88. Contracted services increase \$37,237 from FY88. This increase is due to payroll service fees, legislative audit fees, an increase in printing, and the new on-line edit and entry charge from the Department of Administration. The increase in printing is for the printing of the Film Library catalog. It was last done in FY87. Supplies, communications, and rent reflect small increases that are offset by decreases in repair and maintenance and other expenses.

Recommended equipment includes a new postage machine to replace the old one. This will allow the department to speed up the outgoing mail. Cost for this machine is \$6,400 in FY90. A new bureau delivery vehicle is recommended in FY90. This vehicle is used to deliver hazardous lab samples that the postal service will not deliver. This will cost \$11,025 in FY90.

Funding for this program is from federal and other special funds, and indirect cost revenues.

RECORDS AND STATISTICS BUREAU

The appropriation for this program increases \$101,265 from FY88. FTE remain unchanged from FY88 to the 1990-91 biennium. There is an increase of \$27,714 in personal services due to a vacant position in FY88. A 0.26 FTE was added by the budget amendment process in FY88 and will continue into FY89 as 1.00 FTE. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$80,299 from FY88. Most of the operating expenses were budgeted for at FY88 actual costs. Expenses that increased are computer processing costs,

forms costs, and indirect costs. Forms and indirect costs make up the majority of the operating increase. Forms for recording births, deaths, marriages, divorces, and induced abortions last purchased in FY87 will be purchased in FY90 - \$10,000. The change in the indirect costs funding causes indirect costs to increase \$69,008.

Program funding is a mix of state and federal monies. General fund supports the Tumor Registry program and some of the cost of the vital statistics functions. Both federal and state special revenue from the sale of copies of vital statistics information fund the balance of the bureau program.

CHEMISTRY LABORATORY

FTE within this program remain the same in the 1990-91 biennium as they were in FY88. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$39,252 from FY88. Repair and maintenance and indirect costs account for the majority of this increase. Maintenance on laboratory equipment increases \$8,242 and indirect costs increase \$26,096. The balance of the increased operating expenses are associated with laboratory supplies, rent on Department of Administration Buildings, and laboratory utilities.

Recommended equipment includes a gas chromatography data station and epoxy resin benchtops at a cost of \$18,020 in FY90.

Funding for the Chemistry Lab is about 30% general fund. Fee income provides the balance of the funding.

MICROBIOLOGY LABORATORY

One and one half FTE were transferred within the Centralized Services Division from the Support Services Bureau to the Microbiology Lab Bureau in FY88 for the 1988-89 biennium. These FTE will continue in this program for the 1990-91 biennium. 0.46 FTE was added in FY88 through the budget amendment process and will continue into FY89 as 1.00 FTE. An increase of \$12,058 from FY88 to FY90 is due to vacant positions during FY88. A 2% vacancy savings rate has been applied to this program. Expenses of \$10,096 associated with budget amendments have been deleted from base FY88 expenses.

Operating expenses increase \$74,024 from FY88. For the most part, this increase is due to an increase of \$70,368 in indirect costs. Increases in supplies, rent, and repair and maintenance with offsetting decreases in communications and travel comprise the balance of the increases.

Equipment recommended are a CO2 incubator for fungal and tuberculosis cultures in FY90 - \$4,000, and a replacement centrifuge for viral culture work in FY90 - \$6,000. Installation of \$250 is also requested in FY90 for this equipment.

Funding for this program is a combination of general fund, state special revenue, and federal funds. General fund increases about 12% with an increase in state special revenue funding of about 15%, due to an increase in lab fee funds. The amount of preventive health block grant allocated to the lab increases about \$12,000.

Table #5 breaks out the five subprograms located within the Centralized Service Division. The table breaks down each subprogram by FTE, expenses, and funding. FY88 expenditures include \$35,971 in expenditures associated with budget amendments.

Department of Health and Environmental Sciences Table 5
Appropriations for the Centralized Services Division
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Division Administration			
FTE	3.0	3.0	3.0
Personal Services	\$87,489	\$93,837	\$93,919
Operating	92,495	80,157	82,522
Equipment	451	0	0
Total Cost	\$180,435	\$173,994	\$176,441
Total Federal Funds	\$180,435	\$173,994	\$176,441
Support Services Bureau			
FTE	15.38	14.5	14.5
Personal Services	\$346,200	\$342,332	\$342,767
Operating	96,532	135,532	86,530
Equipment	22,571	17,425	0
Total Cost	\$465,303	\$495,289	\$429,297
General Fund	\$191,237	\$0	\$0
Federal Funds	\$274,066	\$495,289	\$429,297
Total Funds	\$465,303	\$495,289	\$429,297
Records and Statistics Bureau			
FTE	15.26	15.0	15.0
Personal Services	\$305,606	\$333,320	\$334,074
Operating	86,396	166,991	154,405
Equipment	6,044	0	0
Total Cost	\$398,046	\$500,311	\$488,479
General Fund	\$243,967	\$306,897	\$295,047
State Spec. Rev.	94,079	108,418	108,421
Federal Funds	60,000	84,996	85,011
Total Funds	\$398,046	\$500,311	\$488,479
Chemistry Lab Bureau			
FTE	6.0	6.0	6.0
Personal Services	\$174,473	\$176,787	\$177,666
Operating	81,986	121,238	123,510
Equipment	78,815	18,020	0
Total Cost	\$335,274	\$316,045	\$301,176
General Fund	\$78,800	\$92,432	\$92,500
State Spec. Rev.	256,474	223,613	208,676
Total Funds	\$335,274	\$316,045	\$301,176
Microbiology Lab Bureau			
FTE	16.46	16.0	16.0
Personal Services	\$377,683	\$386,856	\$388,805
Operating	189,619	256,430	255,538
Equipment	15,264	10,250	0
Total Cost	\$582,566	\$653,536	\$644,343
General Fund	\$260,344	\$291,208	\$291,463
State Spec. Rev.	267,730	295,571	286,043
Federal Funds	54,492	66,757	66,837
Total Funds	\$582,566	\$653,536	\$644,343

Modification Request

Increased Lab Fees - Modification requests have been approved that will increase the labs capabilities in the following areas, Herpes lab screenings - \$7500; HIV (Aids) lab screenings \$2,500; Mycoplasma/Ureaplasma lab screenings - \$1,500; Vector Borne Diseases - \$2,000; Immunizable Diseases - \$4,500; Mycobacterial Diseases - \$6,000; and Streptococcal Diseases \$2,500. Total costs associated with these expanded screenings will be \$26,500 in each year of the 1990-91 biennium funded with fee funds.

Chlamydia Lab Screenings - In FY88 the labs performed over 200,000 tests for chlamydia detection as opposed to only 2,000 tests performed in FY86. This is a request for 1.00 FTE, supplies and materials, communications, and repair and maintenance to maintain the funding for the number of tests performed in FY88 to continue into the 1990-91 biennium. Costs will be \$50,203 in FY90 and \$50,251 in FY91 funded by lab fees.

Changes in EPA Testing Procedures - The Environmental Protection Agency (EPA) has proposed changes in testing procedures for water samples that include additional procedures. They have also proposed an increase in the number of samples for water systems which would increase the department's specimen load approximately 5%. If this increased testing is mandated, spending authority for materials, supplies, communications and data processing is requested of \$50,000 each year of the 1990-91 biennium. This request will be funded by lab fees.

Equipment - This is a request for equipment needed for rapid identification of Mycobacteria screenings. Equipment needed are a sonicator-water bath for DNA Probe analysis and cartridge columns and a delivery pump and recorder for HPLC analysis. This request will cost \$7,000 in FY90 and be funded with lab fees.

Safe Drinking Water Act Amendments - Amendments to the Safe Drinking Water Act requires additional mandated monitoring for an additional 47 unregulated organic compounds. The Underground Storage Tank program will conduct field investigations involving fuels leaking into soils, watersheds and groundwater. The program expects from 200-250 samples per year and EPA will pay for sample analysis, but will not buy the needed equipment. This is a request for 1.00 FTE and the associated costs of the FTE to run this program and the needed equipment. The Department of Health and Environmental Sciences (DHES) will purchase the equipment with a general fund loan. DHES must receive legislative approval for a pay back period of more than one year for the general fund loan. Operating costs and the loan pay back will be funded with lab fees, \$258,741 in FY90 and \$41,739 in FY91.

1.00 FTE Clerical Position - The number of vital certificates issued has steadily increased over the last few years. The introduction of new certificates in 1988 coupled with the demand of the National Center for Health Statistics for more data will result in an increase in the contractual income to the Records and Statistics Bureau. DHES budget amended in 1.00 FTE and associated costs in the 1988-89 biennium and request the federal authority to continue this FTE. Costs are \$19,257 in FY90 and \$19,269 in FY91.

1.00 FTE Programmer Analyst - Due to the increased requirements from federal agencies and the Department of Administration's on-line entry and edit system, the Support Services Bureau must provide more technical and professional support to all programs. This position will assist in developing computer programs for the Support Services Bureau to provide input into the Statewide Budgeting and Accounting System and to automate federal reporting. Costs

associated with this request are \$31,120 in FY90 and \$31,119 in FY91 and are funded with indirects.

2.00 FTE for Division Administration - With the increase in the number of contracts associated with increasing federal grants coming into the department, 1.00 FTE with expertise in contracting and procurement and 1.00 FTE an accountant are requested. Costs for the 2.00 FTE will be \$54,999 in FY90 and \$55,036 in FY91.

ENVIRONMENTAL SCIENCES Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	33.28	33.53	34.53	34.53
Personal Services	1,001,974.57	1,062,574	1,079,533	1,082,235
Operating Expenses	481,267.20	549,696	731,735	614,592
Equipment	49,796.95	39,287	41,713	26,300
Grants	301,817.70	447,356	340,086	340,086
Total Program Costs	\$1,834,856.42	\$2,098,913	\$2,193,067	\$2,063,213
General Fund	749,790.14	821,332	944,142	924,290
State Special Revenue Fund	310,773.07	486,216	566,791	459,397
Federal & Other Spec Rev Fund	774,293.21	791,365	682,134	679,526
Total Funding Costs	\$1,834,856.42	\$2,098,913	\$2,193,067	\$2,063,213
Current Level Services	1,695,943.61	1,971,650	2,116,133	1,994,100
Modified Level Services	138,912.81	127,263	76,934	69,113
Total Service Costs	\$1,834,856.42	\$2,098,913	\$2,193,067	\$2,063,213

Program Description

The Environmental Sciences Division administration provides for the administration, management and coordination of the Air Quality, Food and Consumer Safety, Occupational Health, Solid and Hazardous Waste and Water Quality bureaus and various other special environmental health programs in Montana.

Each of the five bureau chiefs reports directly to the division administrator. The administrator works with counterparts in other state and local agencies, as well as with federal officials, particularly representatives of the U. S. Environmental Protection Agency. This office is responsible for the review of environmental impact statements and assessments prepared by other state and federal agencies, the coordination and/or preparation of technical and administrative reports, the preparation of environmental impact statements within the division, coordination of DHES hazardous response notification, providing emergency response and right-to-know information and the planning and implementation of special programs such as asbestos in schools and hazardous materials response.

The Occupational Health Bureau administers the radiological and occupational health programs.

Radiological health (MCA 75-3-101 through 502) provides: inspections of approximately 2000 X-ray units for safety, calibration and quality assurance; special studies to determine human health risks resulting from exposures to naturally-occurring and technologically-enhanced radionuclides; response to all emergencies in Montana involving radioactive materials; and technical assistance to users of radiation and radioactive materials to assure proper safety procedures.

Occupational health (MCA 50-70-101 through 118) provides: field investigations, technical assistance and information in response to about 600 requests per year; special studies of hazardous occupational exposures in selected categories of workplaces; technical assistance regarding occupational health problems to local governments and other individuals and agencies; and emergency response assistance during incidents involving hazardous or toxic materials.

The Air Quality Bureau is responsible for the implementation of the Montana and Federal Clean Air acts (75-2-101 and 42 USC 7401 et. seq., respectively). These acts require the department to attain and maintain air quality levels in the outdoor atmosphere considered safe to public health and welfare. The programs necessary to accomplish this task include:

Permit review. Reviews of facilities before construction begins are conducted to assure compliance with air quality standards are maintained.

Inspections/enforcement. To assure continued compliance with air quality standards, a scheduled program of inspections is followed with enforcement actions taken where appropriate.

Ambient air quality monitoring. Continued surveillance of the air quality status across the state is provided by numerous monitoring stations.

State implementation plan (SIP). The SIP is the primary vehicle used to develop plans to bring areas currently out of compliance with ambient air quality standards down to levels which are considered safe.

Special studies. Special studies are conducted to solve or research various air quality issues. Some of the more prominent issues have been: a. East Helena Childhood Lead

Study, b. Billings Sulfur Dioxide Source Apportionment Study, and c. PM10 (particulate with a diameter less than 10 microns) source apportionment studies in five Western Montana communities.

Information requests. The bureau responds to numerous requests for information about the nature of air quality in their area and complaints about various facilities.

The Food and Consumer Safety Bureau is charged with the administration of 13 laws which deal with the Food, Drug, and Cosmetic Act; food serving establishments; public accommodations; mobile home parks and campgrounds; swimming pools and spas; mosquito control; schoolhouses; the Clean Indoor Air Act; institutions and jails; pesticide control; upholstery control; nuisances and the general state and local board of health laws.

The bureau is the primary provider of continuing education, field training consultation, and technical and general support to 66 sanitarians employed by 37 local public health jurisdictions which serve 55 of Montana's 56 counties.

Budget Issues

The Environmental Sciences Division will be authorized 32.53 FTE in each year of the 1990-91 biennium. FY88 FTE were authorized at 32.52. 0.01 FTE was added each year of the 1988-89 biennium as a result of an IRS ruling on independent contractors hired to collect air filters. 0.75 FTE in FY88 and 1.00 FTE in FY89 through HB878, a bill appropriating funds for the establishment and operation of air quality monitoring stations in Yellowstone County. A 2% vacancy savings rate has been applied to this program.

DIVISION ADMINISTRATION

The division administration budget increases \$105,949 from FY88 expenses. This increase is due to the inclusion of a biennial appropriation of \$100,000 to continue the environmental quality protection fund. This fund allows the division to respond to emergencies such as the release of hazardous materials into the environment, conduct major facility siting reviews and studies, to write environmental impact statements, and to review and issue variances.

Indirect costs increase \$10,736 from FY88. There are minor increases in some other areas of the operating budget that are offset with equipment expenditures during the 1988-89 biennium that have not been budgeted for the 1990-91 biennium. This program is funded equally from junk vehicle disposal fees and resource indemnity trust tax interest (RIT).

AIR QUALITY

The FTE in the Air Quality Bureau increase 0.76 FTE in FY88. 0.01 FTE associated with the IRS ruling and 0.75 FTE associated with HB878. In FY89, the 0.01 FTE is added and 1.00 FTE is associated with HB878. \$135,675 of expenses have been reduced from the FY88 base level, \$20,554 of general fund related to HB878 and \$115,121 related to budget amendments.

The budget for the bureau increases \$108,909 from FY88 expenses. Contracted services increases \$20,226 with increased activities in the PM-10 monitoring. Laboratory testing is increasing as well as computer processing services used to collect data and perform analysis. Indirect costs increase \$83,135 as a result of the new indirect costs allocation plan for the department. Minor increases in other areas account for the balance of the bureau's budget increase.

Recommended equipment includes field monitoring equipment of \$21,110 in FY90 and \$24,500 in FY91, one computer for enforcement data storage in FY90 - \$2,000, one

laser printer in FY91 \$1,800, and single user software in FY90 - \$3,000.

Grants to county air pollution control programs are budgeted at a cost of \$102,586 for each year of the biennium. These grants are made to support local air pollution control activities thereby reducing the state agency workload. This program is funded by a combination of general fund, state special revenue, and federal funds.

OCCUPATIONAL HEALTH

The Occupational Health budget increases \$69,659 from FY88. A position for a Health Physicist was vacant most of FY88. This position has been filled and will be responsible for inspecting x-ray machines throughout the state. The increase in this budget reflects the cost associated with this position and an increase in the indirect costs of this program. \$3,236 of FY88 expenses associated with a budget amendment have been reduced from current level expenses.

Personal services increase \$26,476 from FY88 with the filling of the vacant position. Operating costs increase throughout the program. These increases are also associated with the Health Physicist and the biggest increase is in travel, with an increase of \$7,561. Indirect costs increase \$25,736 from FY88.

Recommended equipment includes field monitoring equipment for radiation surveys in FY90 - \$4,200.

This program is funded entirely from the general fund.

FOOD AND CONSUMER SAFETY

There is an increase of \$135,656 in the budget from FY88 for the Food and Consumer Safety Bureau. This increase is due to an increase in the overall budget. The majority of the increase can be shown in an increase in indirect costs, grants, and equipment recommended for the bureau. Indirect costs increase \$60,597 from FY88. Grants to local boards increase \$47,703 from the last biennium.

Equipment recommended for the bureau is a vehicle assigned to the Billings regional office at a cost of \$8,562 in FY90. This vehicle will replace a vehicle with high mileage presently in the regional office.

This bureau is funded by general fund and state special revenue. Grants to local boards are funded by state special revenue. An annual license fee of \$30 is paid by licensed food establishments with 85% of the license fee deposited to the local boards inspection account and transferred to local health boards and the remaining 15% deposited into the general fund.

Table #6 breaks out the subprograms within the Environmental Sciences Division. The table breaks out each subprogram by FTE, expenses, and funding. FY88 expenditures include \$20,554 in general funds associated with HB878 and \$118,357 in federal funds associated with budget amendments.

Department of Health and Environmental Sciences Table 6
Environmental Sciences Division by Subprogram
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Division Administration			
FTE	2.5	2.5	2.5
Personal Services	\$95,164	\$97,668	\$97,994

DEPT HEALTH & ENVIRON SCIENCES

	FY88	FY90	FY91
Item	Actual	Budgeted	Budgeted
Operating	23,158	133,019	33,125
Equipment	6,416	0	0
Total Cost	<u>\$124,738</u>	<u>\$230,687</u>	<u>\$131,119</u>
General Fund	\$3,802	\$0	\$0
State Spec. Rev.	120,936	230,687	131,119
Total Funds	<u>\$124,738</u>	<u>\$230,687</u>	<u>\$131,119</u>

Air Quality Bureau

FTE	19	19	18.53
Personal Services	\$573,105	\$563,455	\$564,759
Operating	370,823	375,904	371,930
Equipment	40,803	26,110	26,300
Grants	110,086	102,586	102,586
Total Cost	<u>\$1,094,817</u>	<u>\$1,068,055</u>	<u>\$1,065,575</u>
General Fund	\$323,716	\$364,251	\$364,384
State Spec. Rev.	44	21,670	21,665
Federal Funds	771,057	682,134	679,526
Total Funds	<u>\$1,094,817</u>	<u>\$1,068,055</u>	<u>\$1,065,575</u>

Occupational Health Bureau

FTE	3.5	3.5	3.5
Personal Services	\$83,622	\$110,138	\$110,419
Operating	38,429	78,321	70,891
Equipment	2,250	4,200	0
Grants	1,935	0	0
Total Cost	<u>\$126,236</u>	<u>\$192,659</u>	<u>\$181,310</u>
General Fund	\$123,000	\$192,659	\$181,310
State Spec. Rev.	0	0	0
Federal Funds	3,236	0	0

	FY88	FY90	FY91
Item	Actual	Budgeted	Budgeted
Total Funds	<u>\$126,236</u>	<u>\$192,659</u>	<u>\$181,310</u>
Food and Consumer Safety Bureau			
FTE	8.0	8.0	8.0
Personal Services	\$250,087	\$259,325	\$260,085
Operating	48,854	118,004	118,511
Equipment	327	9,903	0
Grants	189,797	237,500	237,500
Total Cost	<u>\$489,065</u>	<u>\$624,732</u>	<u>\$616,096</u>
General Fund	\$299,272	\$387,232	\$378,596
State Spec. Rev.	189,793	237,500	237,500
Total Funds	<u>\$489,065</u>	<u>\$624,732</u>	<u>\$616,096</u>

Modification Request

Administrative Assistant - This is a request for 0.50 FTE Administrative Assistant I, secretarial support. Increases in workload from federal programs, the Hazard Emergency Response Act, Title III-Emergency Response, and the Community Right to Know laws delegated to the department have caused a need for more support staff. This request will be funded with state special revenue at a cost of \$11,765 in FY90 and \$11,773 in FY91.

Asbestos Regulation - This is a request for funds to accredit and regulate asbestos consultants, contractors, and workers. This would assure the competence of asbestos consultants and asbestos abatement contractors for the protection of public health and safety. This request would include 1.00 FTE, grade 15 Environmental Engineer and .50 grade 9 Administrative Assistant. Costs will be \$65,169 in FY90 and \$57,340 in FY91, funded with RIT funds.

SOLID/HAZARDOUS WASTE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	35.10	39.19	42.00	43.00
Personal Services	864,385.74	1,051,762	1,129,693	1,159,196
Operating Expenses	3,896,061.01	7,333,235	3,223,640	3,342,827
Equipment	37,321.10	81,555	102,127	67,585
Grants	747,438.60	803,630	808,608	824,538
Total Program Costs	<u>\$5,545,206.45</u>	<u>\$9,270,182</u>	<u>\$5,264,068</u>	<u>\$5,394,146</u>
General Fund	74,740.75	76,181	0	0
State Special Revenue Fund	1,065,344.66	1,273,818	1,661,512	1,713,811
Federal & Other Spec Rev Fund	4,405,121.04	7,920,183	3,602,556	3,680,335
Total Funding Costs	<u>\$5,545,206.45</u>	<u>\$9,270,182</u>	<u>\$5,264,068</u>	<u>\$5,394,146</u>
Current Level Services	5,404,857.32	8,588,368	1,812,798	1,814,168
Modified Level Services	140,349.13	681,814	3,451,270	3,579,978
Total Service Costs	<u>\$5,545,206.45</u>	<u>\$9,270,182</u>	<u>\$5,264,068</u>	<u>\$5,394,146</u>

Program Description

The Solid and Hazardous Waste Bureau administers seven environmental health protection programs. Through these activities, the bureau provides project management and coordination that includes local government involvement,

air, water and hazardous waste concerns and liaison with the EPA and the general public.

The Montana Solid Waste Management Act provides for control over the disposal of solid wastes through licensing, technical assistance, inspection and enforcement activities. The majority of solid wastes are disposed of in municipal

sanitary landfills and the above tasks are directed primarily toward these facilities.

The Refuse Disposal District Act is an enabling act that allows county governments to establish districts for the financing and management of solid waste disposal. The bureau provides technical assistance to county governments during the district formation process.

The Motor Vehicle Recycling and Disposal Act is a regulatory program that controls the disposal of junk motor vehicles and shielding of such disposal sites. The act requires the department to license anyone with four or more junk vehicle and requires all junk vehicles to be screened from public view. The act also allows the department to make annual grants to each county to finance the establishment and maintenance of junk vehicle graveyards and to finance the collection of junk vehicles for placement in the graveyards. The department is responsible for removal of the junk vehicles and does so by selling the vehicles to recycling firms who crush and transport the cars to steel mills for recycling.

The Septic Tank Cleaner Act is a regulatory program that provides for licensing of septic tank pumpers. The licensing process includes approving the disposal site locations to be used for disposal of sewage.

The Montana Hazardous Waste Act is a regulatory program that controls generation, transport, treatment, storage and disposal of hazardous wastes. Persons treating, storing or disposing of hazardous waste must obtain a permit from the department. The department performs inspections, provides technical assistance, and, if necessary, takes enforcement actions.

The underground storage tank legislation was enacted in 1985 and is modeled after the federal law. Its purpose is to prevent leaks in underground storage tanks through identifying who has underground tanks and eventually requiring tank testing, inventory record keeping, ground-water monitoring, financial assurance for clean-up costs and implementing tank design and installation standards.

The Superfund Act allows the department to enter into agreements for investigating potentially hazardous disposal sites to determine if past disposal practices are resulting in threats to public health or the environment. The bureau also performs studies to determine the most cost-effective method of restoring a contaminated site. The bureau may contract for any necessary design and construction activities after selection of a clean-up method is made.

Budget Issues

The Solid and Hazardous Waste Bureau appropriation decreases about \$3,500,000 from actual FY88 expenses. The Superfund Program is budgeted for the 1990-91 biennium as a modified request as is the Leaking Underground Storage Tank Program (LUST). These programs are budgeted at the anticipated levels of federal funds available.

Bureau FTE increase 8.60 FTE in FY88 and 12.50 FTE from the authorized level of 26.50 FTE for the 1988-89 biennium. These FTE can be attributed to the federally funded Superfund and Underground Storage Tanks (UST) programs.

The Junk Vehicle Program appropriation increases \$126,597 from FY88. This increase is due to an increase in operating costs and an increase in grants made to counties. Contracted services increase \$54,000. This increase is due to requirements for surveying private wrecking yards to determine compliance with shielding requirements, preparing preliminary environmental reviews and environmental assessments

as required by the Montana Environmental Protection Agency, and contingency fees of \$29,089 to be used to pay for crushing and transportation costs of junk vehicles from county graveyards should the price of steel drop below salvage costs. Indirect costs increase \$13,541. Minor decreases in other operating costs account for the balance of the increase in the budget.

Grants to counties are made to help fund county junk vehicle programs. These grants increase \$61,169 in FY90. This program is funded by the junk vehicle disposal fees income. Legislation will be proposed to the 1990-91 Legislature to increase junk vehicle fees from \$.50 to \$1.10 to allow sufficient revenue to fund the program.

The Hazardous Waste Program budget increases about \$64,000 from the actual FY88 expenditures. Operating costs account for most of the increase in this budget. Contracted services increase \$16,271 in the areas of site investigations, financial assurance analysis for hazardous waste management facilities, and engineering and hydrogeological evaluations of hazardous waste sites. Indirect costs increase due to the new indirect costs allocation plan. Offsetting decreases in other operating costs account for the increase in the budget.

Equipment recommended for this budget include a van used for emergency response and for field sampling and monitoring, \$20,400 in FY90. A laser printer to enhance printing capability for office computers, \$5,500 in FY90. A computer diskless workstation with monitor, \$1,600 in FY91 and a computer plotter output device for maps and diagrams, \$3,000 in FY91 will be purchased.

This program is funded by 25% RIT and 75% federal funds. RIT funds include \$12,000 associated with a hazardous materials training program administered by Department of Military Affairs in cooperation with DHES. The 75% match for these funds are included in the Military Affairs budget.

The UST budget increases about \$73,000 due to an increase in the level of federal funding. Personal services increase \$29,101 from FY88 due to a vacant position in FY88.

Operating expenses increase \$43,900 from FY88. Contracted services, supplies, communications, and travel increase to fund tank testing, laboratory testing, public education, notification of land owners with tanks, and surveying land owners regarding UST Program requirements. Indirect costs also increase within this budget. This program is funded 25% RIT and 75% federal funds.

The Solid Waste Program budget increases \$20,311 from FY88. Included in the FY88 budget are \$21,626 of expenses associated with the hazardous waste minimization program in Billings funded with RIT. These expenses are not budgeted in this program for the 1990-91 biennium. The expenses will be budgeted in the 4% RIT income allocated by HB718 to the environmental quality protection fund beginning in FY90. The increase is due to new federal regulations requiring hydrogeological services to evaluate monitoring results from landfills, to evaluate new sites, to make recommendations for monitoring existing sites and for remediation at existing sites. Laboratory testing will increase due to these activities. Indirect costs also increase in FY90.

Funding for this program will switch from general fund to junk vehicle disposal fees revenue.

Table #7 breaks out the subprograms within the Solid and Hazardous Waste Division. Program funding and the source of the funding is shown for each subprogram. FY88 expenditures reflect \$139,819 in expenses associated with budget amendments.

Department of Health and Environmental Sciences Table 7
Solid and Hazardous Waste Bureau
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Junk Vehicle			
Junk Vehicle Funds	\$914,802	\$1,041,399	\$1,057,992
Superfund			
Federal EPA	\$3,874,985	\$2,195,359	\$2,195,351
Hazardous Waste			
State RIT Interest	\$95,034	\$119,872	\$116,370
Federal EPA	285,094	323,615	313,110
Total Funds	<u>\$380,128</u>	<u>\$443,487</u>	<u>\$429,480</u>
Underground Storage Tanks			
State RIT Interest	\$33,880	\$52,808	\$53,030
Federal EPA	245,042	158,423	159,088
Total Funds	<u>\$278,922</u>	<u>\$211,231</u>	<u>\$212,118</u>
Solid Waste			
General Fund	\$74,741	\$0	\$0
Junk Vehicle Funds	21,629	116,681	114,578
Total Funds	<u>\$96,370</u>	<u>\$116,681</u>	<u>\$114,578</u>

Modification Request

Initiate Cleanup - HB718 of the 1987 Legislature provides 4% RIT funds beginning in FY90 to implement the Environmental Quality Protection Act. This is a general environmental cleanup law that will allow DHES to investigate contaminated sites to pursue cleanup by responsible parties, or if none can be found, initiate cleanup. This is a request for 1.50 FTE each year and associated costs, \$225,956 in FY90 and \$258,062 in FY91.

Superfund Remedial Studies - The Montana "Superfund Act" and its companion federal "Comprehensive Environmental Response, Compensation and Liability Act" are

intended to address the need for cleanup and remedial actions at sites impacted by past actions involving the dumping of hazardous substances. Under the Superfund program, the state may enter into contracts and cooperative agreements with the federal government to conduct site remedial activities. This is a request for 8.50 FTE each year to carry out these activities and is entirely funded by federal funds. This program is budgeted at anticipated federal funding levels of \$2,195,359 in FY90 and \$2,195,351 in FY91.

Leaking Underground Storage Tanks - The LUST Program is the corrective action segment of the UST Program. Its objective is to provide the state a leak response capability to conduct site investigations, issue corrective action orders, conduct cleanups and emergency responses and recover public costs at sites contaminated by leaking underground petroleum and chemical storage tanks. LUST funds can only be used where there is no known responsible party, the responsible party is unable to respond in a timely manner to public health and safety emergencies, or the responsible party is insolvent. Funding for this program is 90% federal and 10% state. RIT funds will be used for the state portion. This is a request for 4.50 FTE in FY90 and 5.50 FTE in FY91 and associated costs, \$688,482 in FY90 and \$789,620 in FY91.

Superfund Core - This is a request to fund the Superfund Core Agreement by the Environmental Protection Agency providing funding for the administrative development of the State Superfund program. Funding is provided for staff training, developing procedures and protocol, and for activities that cannot clearly be allocated to specific Superfund sites. Five and one half FTE each year and associated costs are requested, \$247,101 in FY90 and \$247,095 in FY91. Funding is 95% federal and 5% state. RIT funds will provide the state portion.

Hazardous Waste Minimization - This is a request to continue the Hazardous Waste Minimization Program created by HB6 during the FY87 Legislature. This program was designed to implement a plan of action to regulate hazardous waste minimization activities in the state, particularly in the eastern portion of the state. This is a request for 2.00 FTE each year and costs of \$94,372 in FY90 and \$89,850 in FY91. Funding for the program is 75% federal and 25% state RIT.

**WATER QUALITY
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	44.25	44.85	44.25	44.25
Personal Services	1,189,155.69	1,286,287	1,305,971	1,308,026
Operating Expenses	681,801.50	1,108,705	1,155,266	1,089,120
Equipment	44,151.03	31,550	25,220	9,610
Grants	177,081.00	257,052	231,970	245,970
Total Program Costs	\$2,092,189.22	\$2,683,594	\$2,718,427	\$2,652,726
General Fund	356,613.92	460,825	137,965	139,064
State Special Revenue Fund	82,245.75	158,365	561,830	495,134
Federal & Other Spec Rev Fund	1,653,329.55	2,064,404	2,018,632	2,018,528
Total Funding Costs	\$2,092,189.22	\$2,683,594	\$2,718,427	\$2,652,726
Current Level Services	1,750,194.47	2,111,803	2,179,855	2,183,774
Modified Level Services	341,994.75	571,791	538,572	468,952
Total Service Costs	\$2,092,189.22	\$2,683,594	\$2,718,427	\$2,652,726

Program Description

The Water Quality Bureau is responsible for administering Montana's Water Pollution Control, Sanitation in Subdivisions, Water and Wastewater Operators Certification and the Safe Drinking Water Acts. To carry out these responsibilities the bureau performs the following principle activities:

Water Supply - About 2,000 public community and non-community supplies are monitored by water testing, inspections and plan review.

Construction grants - The federal construction grant program makes funds available to assist municipalities in the construction of sewage treatment facilities. Project priorities are determined, plans are reviewed and construction inspections are provided.

Permits and enforcement - The bureau administers both federal and state wastewater discharge permit acts by issuing permits, reviewing monitoring reports and treatment plans, inspecting facilities and providing enforcement.

Water quality management - This section monitors water quality in streams and provides water quality assessments and cleanup plans for problem areas.

Water and wastewater operator certification and training persons in responsible charge of water supply and wastewater treatment facilities are required to be certified. Study material is provided and examinations are given. About 1,200 operators are certified.

Subdivisions - Proposed parcels of less than 20 acres are reviewed to ensure that adequate water supplies and sewage disposal is provided.

Groundwater pollution control - The bureau responds to complaints of groundwater pollution and reviews and approves plans for activities that may pollute groundwater.

Water pollution control - The bureau is responsible for the investigation of all alleged violations of water quality laws and regulations. This involves complaint investigation and review of major projects that may have a water quality impact.

Budget Issues

The Water Quality Bureau was authorized 41.00 FTE in FY88 and 40.75 FTE in FY89. 3.25 FTE were added during

FY88 and 2.12 FTE were added during FY89. During FY88, 1.00 FTE was added by a legislative appropriation and 2.25 FTE were added through the budget amendment process. In FY89, the 2.12 FTE were added with budget amendments. Current level FTE for the 1990-91 biennium will be 39.75 each year. A 2% vacancy savings rate has been applied to this program.

The bureau budget increases about \$295,000 from FY88 expenditures. This increase is due to additional available federal funds and the increase in agency indirect costs.

The Water Quality Management Program budget increases \$126,079 from FY88. This increase is due to additional federal funds of \$114,175 available to this program. Increases are reflected in personal services, contracted services, rent, maintenance, and indirect costs. Personal services increase \$21,332, contracted services increase \$81,264, indirect costs increase \$23,144, and minor increases in other areas account for the increase in the budget. \$80,000 of the increase in contracts is the result of a new federal requirement of the Clean Water Act requiring at least 40% of a state's funds under Section 205(j)(1) and 604(b) be passed through to regional or substate agencies.

Recommended equipment includes field monitoring equipment at a costs of \$2,000 each year of the biennium. Funding for this program is from state special revenue, RIT, and federal funds.

The Water Pollution Control Program budget increases about \$60,000. Again this is due to additional federal funds available to the program. Personal services increase \$17,549 due to vacant positions during FY88. Indirect costs increase \$35,651 from FY88. There are minor increases throughout the operating budget that account for the balance of the increase. \$131,256 of budget amendment expenses have been reduced from the FY88 base.

Equipment budgeted for the biennium is a computer terminal compatible to the programs file server, \$1,350 in FY'90.

Funding for this program is from state special revenue and federal funds. The Environmental Protection Agency (EPA) requires the state to provide a level of effort for this program. The state's level of effort is about \$86,000 and is funded with RIT funds.

The budget for the Water Permits Program increases about \$11,700 from FY88. This increase is reflected in operating expenses for this program. Contracted services, supplies, communications and indirect costs account for the increase. FY88 actual expenditures reflect \$75,174 of expenses related to budget amendments. These costs have been reduced from the FY88 base.

This program will purchase a personal computer each year of the biennium, \$2,000 per year. The program currently has no computers. This program is 100% federally funded.

The Water Construction Grant Program grows \$138,803 from FY88. \$110,000 of this increase is in the grants to local communities area. These grants are to aid local communities to begin water systems planning and design. \$40,000 was budgeted each year during the 1988-89 biennium and the requests from communities were approximately \$110,000 - \$140,000 each year. Grants will be budgeted at \$150,000 each year of the 1990-91 biennium. Indirect costs increase \$24,801 with other small increases in the operating budget accounting for the balance of the increase in the program budget. FY88 actual expenditures reflect \$72,725 in expenses budget amended in the program. These expenses have been reduced from the FY88 base. This program is entirely federally funded.

The Water Construction Grant Program is being phased out by the federal government and will be replaced by a self-sufficient state revolving loan program. DHES and the Department of Natural Resources have worked out a plan of action to implement this program. The program will be statutorily appropriated.

The Groundwater Program budget decreases \$23,593 from FY88. This decrease is due to a decrease in contracts with non-profits. There is a modified request for 1.00 FTE for this program that will make up the decrease in this budget. There are small increases in the operating budget except in contracted services. This program is federally funded.

The Wastewater Operators Program decreases \$6,499 from FY88. This program is funded by state special revenue and annual license fees paid by local wastewater operators.

The Subdivision Program budget increases \$38,876 from FY88. This is due to an increase in indirect costs and grants to cities and local health agencies. Funding for this program is from the general fund and state special funds. Fees charged for subdivision review are split between grants to counties and the general fund. The grants to counties are funded with the state special revenue.

The budget for the Safe Drinking Water Program increases about \$84,000. Contracted services, indirect costs, and grants to local health departments account for the increase in this budget. Contracted services increase \$27,955 due to new regulations imposed by the EPA. Indirect costs increase \$39,842. Grants to counties increase \$17,000 from FY88. Local health departments perform many of the tests and analyses for this program. Program funding is 75% federal and 25% state match provided with RIT funds.

Table #8 breaks out the subprograms within the Water Quality Bureau. The table reflects the funding and funding source of each subprogram. FY88 expenses include \$341,992 of expenses added through budget amendments.

Department of Health and Environmental Sciences Table 8
Water Quality Bureau
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Water Quality Management			
General Fund	\$75,333	\$0	\$0
RIT Interest	0	87,237	89,061
Federal Funds	99,946	214,121	214,128
Total Funds	<u>\$175,279</u>	<u>\$301,358</u>	<u>\$303,189</u>
Water Pollution Control			
General Fund	\$74,225	\$0	\$0
RIT Interest	18,955	85,386	85,386
Federal Funds	394,373	330,945	332,232
Total Funds	<u>\$487,553</u>	<u>\$416,331</u>	<u>\$417,618</u>
Water Permits			
Federal Funds	<u>\$246,125</u>	<u>\$182,654</u>	<u>\$179,911</u>
Construction Grants			
Federal Funds	<u>\$424,686</u>	<u>\$490,764</u>	<u>\$492,316</u>
Groundwater			
Federal Funds	<u>\$92,650</u>	<u>\$69,057</u>	<u>\$68,928</u>
Wastewater Operators			
State Special Revenue	\$31,817	\$41,460	\$41,431
Federal Funds	16,143	0	0
Total Funds	<u>\$47,960</u>	<u>\$41,460</u>	<u>\$41,431</u>
Subdivisions			
General Fund	\$112,615	\$137,965	\$139,064
State Special Revenue	31,474	45,000	45,000
Total Funds	<u>\$144,089</u>	<u>\$182,965</u>	<u>\$184,064</u>
Safe Drinking Water			
General Fund	\$94,441	\$123,838	\$124,079
Federal Funds	379,406	371,428	372,238
Total Funds	<u>\$473,847</u>	<u>\$495,266</u>	<u>\$496,317</u>

Modification Request

Golden Maple Mine Monitoring - This is a request to continue monitoring surface and groundwater contamination at this location. Earmarked funds in the amount of \$77,000 were received from an insurance settlement in FY88 for this purpose and this request is to continue the monitoring with the balance of these funds. This request is for \$28,800 of state special revenue.

Clark Fork Monitoring - The Clark Fork monitoring project provides water quality data and information necessary for making water quality management decisions about the Clark Fork River. Long term uninterrupted data collection is necessary in order to evaluate trends in water quality. This is a request to continue this monitoring. This request is for 1.00 FTE each year of the 1990-91 biennium and associated

costs, \$110,903 in FY90 and \$110,177 in FY91 funded by RIT funds.

Clark Fork Coordination - This request is for the funding of a position in the Governor's office to coordinate state and federal water quality activities in the Clark Fork River basin area. Funds are requested for FY90 only at a costs of \$39,206 and funded with RIT funds.

Non-Point Source Pollution - Section 205(j)(5) of the Federal Clean Water Act provides funds to be used for state planning to control nonpoint sources of pollution. DHES will use the funds to prepare and refine assessments of nonpoint source problems and plans to remedy nonpoint source problems as required under Section 319 of the Federal Clean Water Act. This is a request for 2.00 FTE each year of the biennium and associated costs, \$98,963 in FY90 and \$98,962 in FY91. Federal funds will support this program.

Safe Drinking Water - Amendments to the Safe Drinking Water Act mandate new regulations for the Water Quality

Bureau. Areas affected by these mandates include, filtration of all surface water sources, disinfection of all public water systems, and regulations for testing water contaminants. This is a request for \$201,933 in each year of the 1990-91 biennium and is federally funded.

Training Officer - The State of Montana is eligible for a federal training grant used to develop and implement a state-wide training program for water and wastewater professionals. DHES and Northern Montana College are requesting 0.50 FTE each year of the biennium to implement this grant. Funding will be from federal funds at a cost of \$21,915 in FY90 and \$21,003 in FY91.

Groundwater - This is a request to continue 1.00 FTE added by an operational plan change during FY89 into the 1990-91 biennium in the Groundwater Pollution Control Program. This position will help the department coordinate their responsibilities with those of the underground tank program, oil and gas program, and hardrock mining control program. Funding for this request is from federal funds at a cost of \$36,852 in FY90 and \$36,877 in FY91.

HEALTH SERVICES/MEDICAL FAC Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	10.77	10.77	11.77	11.77
Personal Services	342,935.97	335,270	373,661	374,688
Operating Expenses	228,206.48	282,538	371,683	373,360
Equipment	5,247.64	5,000	4,050	4,240
Total Program Costs	\$576,390.09	\$622,808	\$749,394	\$752,288
General Fund	358,056.78	353,775	413,057	414,259
State Special Revenue Fund	21,794.63	47,025	44,565	44,702
Federal & Other Spec Rev Fund	196,538.68	222,008	291,772	293,327
Total Funding Costs	\$576,390.09	\$622,808	\$749,394	\$752,288
Current Level Services	576,390.09	602,808	749,394	752,288
Modified Level Services	0.00	20,000	0	0
Total Service Costs	\$576,390.09	\$622,808	\$749,394	\$752,288

Program Description

The Health Services Division Administration manages the operations of the division, has direct responsibility for development and communication of division policy and advisory responsibility on department policy, and manages the resources of the division.

The Emergency Medical Services Bureau is responsible for the planning, development and implementation of a comprehensive state emergency medical services program (MCA 50-6-101-104), and serves as a coordinating mechanism for the various elements comprising the statewide system. Following are activities of the EMS Bureau.

Statewide planning including the writing and enforcement of an emergency medical services plan covering all components of a comprehensive emergency medical services system.

Management of Montana ambulance licensing program (MCA 50-6-301 316, ARM 16.30.101-210) which includes issuance of licenses, annual inspections and reinspections and investigation of complaints and violations.

Training programs for emergency medical technicians at basic, intermediate and paramedic levels (MCA 50-6-201).

Management of the Montana poison control system including providing methods of public access and provision of public and professional education.

Provision and management of a Montana first responder training program - an emergency medical training program for law enforcement, fire and other public safety members of the emergency medical services system.

Training of rural emergency room nurses and the coordination of the advanced trauma life support program for physicians.

Provision of technical assistance to local EMS providers and trainers including the writing and dissemination of a variety of training manuals and handbooks, and responding to numerous requests for on-site technical assistance.

Budget Issues

The Health Services and Medical Facilities Program has the division administration of the Health Services and Medical Facilities Division and the Emergency Medical Services Bureau. Through an internal reorganization in FY89, Behav-

ioral Risk and the Health Education Risk Reduction programs have been transferred into this program from the Preventive Health Bureau.

With the transfer of the Health Education Risk Reduction program, there is an increase of 1.00 FTE in authorized FTE from the FY88 current level. A 2% vacancy savings rate has been applied to this division except within the Health Education Risk Reduction program which has only 1.00 FTE where no vacancy savings was applied.

DIVISION ADMINISTRATION

The division administration program funding increases about \$14,000 from FY88. Personal services decrease \$11,485 due to the division administrator retiring and being replaced with a person with less steps.

Operating expenses increase \$25,412 from FY88. The change in the allocation of indirect costs accounts for the majority of the increase, \$23,082. The other increases are due to budgeted expenses for the division administrator that in the past were allocated to other programs in this division.

This program is funded with a combination of general funds and federal funds.

EMERGENCY MEDICAL SERVICES

The appropriation for the Emergency Medical Services (EMS) Bureau increases about \$88,192 from FY88. Authorized FTE remain constant from FY88, but personal services increase \$6,879 because of a vacant position during a portion of FY88.

Operating expenses increase \$82,511 in FY90. Contracted services increase \$25,316 due to an increase in printing and seminars related to advanced Emergency Medical Technician (EMT) training and an increase in the contract for the emergency medical hot line with the Rocky Mountain Poison and Drug Center in Denver. Indirect costs increase \$54,908 from FY88 due to the new indirect cost allocation plan. Small increases in travel, building rent and grounds maintenance make up the balance of the operating expenses increase.

Equipment purchases include replacing one mobile radio in the EMS Bureau vehicle in FY90 - \$1,450 and two portable radios in FY91 \$4,240. EMS will also purchase two electronic hearts to replace worn out existing electronic hearts used for training and examinations.

Funding for the EMS Bureau is a mixture of general funds, state special funds and federal funds. The state special revenue funds consist of fees from EMT training and testing.

BEHAVIORAL RISK

The Behavioral Risk program continues a monthly public survey of behavior as it relates to health risks. Operating expenses increase \$2,259 due largely to inflationary increases. The program is funded with federal funds. FY88 expenses are in Program 08, the Preventive Health Bureau due to an internal reorganization in FY89.

HEALTH EDUCATION RISK REDUCTION

The Health Education Risk Reduction program is authorized 1.00 FTE. This program provides statewide health pro-

motion and disease prevention. Operating costs increase about \$8,000 from FY88. This increase is due to an increase in indirect costs. Funding is from the Preventive Health Block Grant. FY88 expenses are in Program 08, the Preventive Health Bureau due to an internal reorganization in FY89.

Table #9 breaks out the subprograms within the Health Services and Medical Facilities Division. This table breaks out each subprogram by FTE, expenses, and funding source.

Department of Health and Environmental Sciences Table 9
Health Services and Medical Facilities Division
by Subprogram
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Division Administration			
FTE	2.5	2.5	2.5
Personal Services	\$110,263	\$98,778	\$99,034
Operating	3,570	28,982	29,099
Total Cost	<u>\$113,833</u>	<u>\$127,760</u>	<u>\$128,133</u>
General Fund	\$79,429	\$84,576	\$84,827
Federal Funds	34,404	43,184	43,306
Total Funds	<u>\$113,833</u>	<u>\$127,760</u>	<u>\$128,133</u>
Emergency Medical Services Bureau			
FTE	8.27	8.27	8.27
Personal Services	\$232,673	\$239,552	\$240,167
Operating	224,636	307,147	308,605
Equipment	5,248	4,050	4,240
Total Cost	<u>\$462,557</u>	<u>\$550,749</u>	<u>\$553,012</u>
General Fund	\$278,628	\$328,481	\$329,432
State Special Revenue	21,795	44,565	44,702
Federal Funds	162,134	177,703	178,878
Total Funds	<u>\$462,557</u>	<u>\$550,749</u>	<u>\$553,012</u>
Behavioral Risk			
Operating	\$0	\$14,511	\$14,511
Federal Funds	<u>\$0</u>	<u>\$14,511</u>	<u>\$14,511</u>
Health Education Risk Reduction			
FTE	0	1.0	1.0
Personal Services	\$0	\$35,331	\$35,487
Operating	0	21,043	21,145
Federal Funds	<u>\$0</u>	<u>\$56,374</u>	<u>\$56,632</u>
Total Bureau	<u>\$576,390</u>	<u>\$749,394</u>	<u>\$752,288</u>

**FAMILY/MCH BUREAU
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	24.11	24.56	26.50	26.50
Personal Services	551,211.76	659,215	722,433	724,333
Operating Expenses	1,130,078.53	1,334,005	1,381,108	1,381,843
Equipment	23,215.16	95,286	5,558	2,558
Grants	5,761,705.81	3,093,444	6,294,458	6,760,253
Benefits and Claims	4,838,836.66	7,491,298	5,663,102	6,029,020
Total Program Costs	\$12,305,047.92	\$12,673,248	\$14,066,659	\$14,898,007
General Fund	28,380.47	31,013	72,321	73,526
Federal & Other Spec Rev Fund	12,276,667.45	12,642,235	13,994,338	14,824,481
Total Funding Costs	\$12,305,047.92	\$12,673,248	\$14,066,659	\$14,898,007
Current Level Services	11,889,014.10	12,029,977	13,911,391	14,742,745
Modified Level Services	416,033.82	643,271	155,268	155,262
Total Service Costs	\$12,305,047.92	\$12,673,248	\$14,066,659	\$14,898,007

Program Description

The Family/Maternal and Child Health Bureau has overall administrative responsibility for the following programs:

1. The Special Supplemental Food Program for women, infants and children (WIC) provides several services to pregnant women, infants and children up to age five, who are income-eligible and at nutritional risk. These services include education and counseling to improve eating behaviors; provision of selected foods to supplement diets; and access to preventive health programs and referral to private and public health providers.
2. The Child Nutrition (CN) Program provides cash reimbursement for meals meeting specific nutritional requirements which are served to children enrolled in licensed/approved day care centers, Head Start programs, day care homes, and others.
3. The Handicapped Children's Services Program identifies children age birth to 18 years of age who have a congenital anomaly or condition and provides for the medical evaluation, treatment and management of certain specific conditions.
4. The Family Planning Program provides quality comprehensive family planning services through local agencies to women ages 15-44 at risk of unwanted pregnancy who are income eligible in order to reduce unwanted and mistimed pregnancies.

The Family/Maternal and Child Health Bureau administration activities entail coordination of the above individual programs and responsibilities to provide medical direction for the Metabolic Screening Program, Handicapped Children Services Program, and Family Planning Program.

Budget Issues

The Family and Maternal Child Health Bureau (MCH) FTE level increases 1.00 FTE above the authorized 23.50 FTE. This is a result of an internal reorganization that transferred the Dental Program from the Preventive Health Bureau into the MCH Bureau. There is 1.00 FTE associated with the Dental Program. A 2% vacancy savings rate has been applied to this program with the exception of the Dental Program which has only 1.00 FTE where no vacancy savings was applied.

BUREAU ADMINISTRATION

The bureau administration has 3.00 FTE. Personal services increase \$38,059 from FY88 as a result of a vacant position. Operating expense increase about \$60,000 from FY88 expenses. Contracted services account for the majority of this increase. Medical services and seminar expenses increase \$31,302. Indirect costs increase \$24,602 due to the new allocation of indirect costs within the department. Small increases in building rent and ground maintenance account for the balance of operating increases. Operating expenses of \$6,549 were budget amended in during FY88. General fund has been replaced with MCH Block Grant funding, thus the entire funding for the bureau is from MCH Block Grants.

CHILD NUTRITION

Child Nutrition has 3.50 FTE and the appropriation increases about \$1,105,000 from FY88 actual expenditures. Child nutrition audits increase about \$24,000 from FY88 in contracted services. Indirect costs increase \$10,828. Grants to day-care providers for reimbursement for meals for eligible children increase \$1,068,271 from the FY88 level. \$287,851 in grants were budget amended in during FY88. Child Nutrition is funded entirely by federal funds.

WIC

Women, Infants and Children (WIC) has 9.00 FTE and is a supplemental food program for women, infants and children offering direct supplemental food benefits to certified eligible persons. There is an increase of about \$864,000 from FY88. The majority of this increase is due to an increase in the level of benefits and claims of about \$824,000. Personal services increase about \$18,000 due to vacant positions. Indirects increase about \$25,000 due to the new allocation of indirect costs. Offsets in the rest of the operating budget make the balance of the appropriation increase.

Recommended equipment includes video equipment for preparation of training videotapes and review of nutrition education tapes. \$3,000 in FY90. WIC is funded entirely from federal funds.

FAMILY PLANNING

Family Planning has 4.00 FTE and the budget increases about \$61,000 from FY88 actual expenditures. \$121,634 of

budget amended expenditures have been reduced from the FY88 base level. An increase in grants accounts for the biggest share of the appropriation increase. Grants increase \$47,116 from FY88. Indirect costs also go up \$12,591. Minor increases in the other areas of the budget account for the balance of the increased authority. Family Planning is funded 100% from federal funds.

HANDICAPPED CHILDREN

Handicapped Children has 4.00 FTE. The budget for this program reflects a decrease of about \$194,000 from FY88. Grants to counties were inadvertently placed in Handicapped Children instead of MCH Block Grants to Counties. In actual the budget for Handicapped Children increases about \$31,600. Personal services increases \$6,739 from FY88. Indirect costs increase \$22,747 due to the new allocation of indirects. Small increases throughout the program account for the balance of the increases. The program is funded entirely from MCH block grant funds.

MCH BLOCK GRANTS TO COUNTIES

Federal MCH grant funds are passed through to counties to provide medical and dental services for mothers and children. Counties must match every \$4 in federal funds with \$3 in local funds. The grant amount is about \$400 lower in FY90 than the amount in FY88.

DENTAL

The Dental program budget increases \$13,858 from FY88. Supplies for the fluoride mouth rinse program in Silver Bow County and an increase in indirect costs account for this increase. Program funding is from the general fund and the MCH block grant.

Table #10 breaks out the subprograms within the Family and MCH Bureau. This table breaks out the funding source of each subprogram. FY88 expenses include \$416,034 of expenses added through budget amendments.

Department of Health and Environmental Sciences Table 10
Family/Maternal Child Health Bureau
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Bureau Administration			
General Fund	\$28,380	\$0	\$0
MCH Block	128,045	246,087	246,335
Federal Funds	6,549	0	0
Total Funds	<u>\$162,974</u>	<u>\$246,087</u>	<u>\$246,335</u>
Child Nutrition			
Federal Funds	<u>\$2,945,488</u>	<u>\$3,762,856</u>	<u>\$4,231,485</u>
WIC			
Federal Funds	<u>\$6,389,255</u>	<u>\$7,253,643</u>	<u>\$7,616,416</u>
Family Planning			
Federal Title V	\$888,326	\$827,601	\$827,462
PH Block	202,015	202,015	202,079
MCH Block	29,000	29,000	29,000
Total Funds	<u>\$1,119,341</u>	<u>\$1,058,616</u>	<u>\$1,058,541</u>
Handicapped Children			
MCH Block	<u>\$1,036,102</u>	<u>\$842,058</u>	<u>\$842,315</u>
MCH Block to Counties			
MCH Block	<u>\$651,888</u>	<u>\$651,427</u>	<u>\$650,425</u>
Dental			
General Fund	\$0	\$22,321	\$23,526
MCH Block	0	74,383	73,702
Total Funds	<u>\$0</u>	<u>\$96,704</u>	<u>\$97,228</u>

Modification Request

Children with Special Health Care Needs - This is a request to develop a program for family centered, community based case management for the child with special health care needs. This program is targeted to the small rural communities in the state. This request is for .50 FTE and related costs and is federally funded, \$55,268 in FY90 and \$55,262 in FY91.

Montana Family Planning - This is a request for additional grants to counties that will allow comprehensive family planning services to be provided to an additional 536 low income clients per year. Funding will be allocated through grants to existing county and local agency family planning programs. This request will be funded with general funds and will cost \$50,000 each year of the 1990-91 biennium.

MCH Staff Development - The Family and MCH Bureau has the primary responsibility for providing maternal and child health services within the state. This request will pro-

vide ongoing capability for planning and evaluation of state and local maternal and child health needs through a coordinated approach. One and one half FTE are requested to review and organize existing programs, determine the ongoing

status and outcomes of MCH activities statewide, and develop data collections systems for this program. This program will be funded with federal funds of \$50,000 each year of the 1990-91 biennium.

PREVENTIVE HEALTH BUREAU Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	17.02	20.00	20.50	20.50
Personal Services	492,836.01	571,270	559,480	560,495
Operating Expenses	738,836.70	1,236,051	914,232	999,988
Equipment	19,137.15	17,802	29,850	0
Grants	24,445.00	65,911	11,968	11,968
Total Program Costs	\$1,275,254.86	\$1,891,034	\$1,515,530	\$1,572,451
General Fund	416,202.34	548,707	308,800	302,828
Federal & Other Spec Rev Fund	859,052.52	1,342,327	1,206,730	1,269,623
Total Funding Costs	\$1,275,254.86	\$1,891,034	\$1,515,530	\$1,572,451
Current Level Services	918,801.60	1,361,483	751,899	754,120
Modified Level Services	356,453.26	529,551	763,631	818,331
Total Service Costs	\$1,275,254.86	\$1,891,034	\$1,515,530	\$1,572,451

Program Description

The Preventive Health Bureau has administrative responsibility for the following programs:

The Montana Perinatal Program (MPP) improves the outcome of pregnancy and reduces infant mortality by consumer education, professional education, low birthweight prevention and improving access to prenatal care.

The Health Promotion and Education Program (HP&E) manages resources and activities directed at promoting health and reducing disease.

The Behavioral Risk Factor Surveillance System (BRFSS) identifies and monitors major risk factors and health status data occurring in the adult population of Montana.

The Immunization Program (IZ) includes monitoring of the school immunization law, surveillance and outbreak control, and assures adequate immunization levels of Montana children by providing vaccine to 89 public providers.

The Communicable Disease Program provides surveillance and outbreak control for approximately 100 reportable communicable diseases.

The Sexually-Transmitted Disease Program (STD) consists of casefinding, treatment, and prevention of sexually transmitted disease, including inter- and intra-state referral and coordination.

The Rabies Program provides professional consultation and vaccine (as necessary) to persons potentially exposed to rabies through animal bite or other exposure.

The End Stage Renal Disease Program (ESRD) assists Montanans who have chronic end stage renal disease as verified by a nephrologist. The program, funded by general funds, assists with medicare co-insurance payments and "medicare disallows" for eligible services.

The Rape/Crisis Program supports local level intervention and education efforts for law enforcement and social service agencies across the state.

The MDHES AIDS Program is responsible for health education/risk reduction of general population (low-risk), allied health professionals, and specific high-risk groups, as well as administrative responsibility for testing and counseling of persons in the high-risk categories. The program is responsible for AIDS morbidity/mortality surveillance and reporting. Screening of the State blood supply is monitored. The program also conducts education and counseling/testing activities targeted to minority population in Montana.

Budget Issues

The Preventive Health Bureau (PH) was authorized 15.00 FTE in FY88. 2.02 FTE were added through the budget amendment process during FY88. In FY89 2.00 FTE were transferred from the bureau. 1.00 associated with Health Education Risk Reduction was transferred to Program 06, the Health Services/Medical Facilities Division, and 1.00 FTE associated with the Dental program was transferred to the Family/Maternal Child Health Bureau. 6.50 FTE were authorized through budget amendments during FY89. 2.00 FTE in the AIDS Program that were in current level will be included in the modified request for the AIDS Program for the 1990-91 biennium. In an internal reorganization, the department transferred 2.20 FTE in the Sexually Transmitted Disease (STD) Program into the Immunization Program. This had no result in the number of FTE authorized for the PH Bureau. A 2% vacancy savings rate has been applied to the Immunization Program.

PERINATAL

The Montana Perinatal Program budget increases \$27,533 from FY88 expenses. This increase is due to an increase in indirect costs of \$29,909 attributed to the new indirect costs allocation plan for the department. Other operating costs increase by a small amount, but are offset by equipment purchases during FY88. There are no recommended equipment purchases for the 1990-91 biennium. General fund expenses of \$194,988 associated with the Genetics Program

authorized by HB716 have been reduced from the FY88 base. Funding for this program is provided by MCH and PH Block Grant funds.

The Dental, Behavioral Risk and Health Education Risk Reduction programs have been transferred from the PH Bureau to the Health Services/Medical Facilities Division and the Family/MCH Bureau. Actual FY88 costs are reflected in Table #11 for these programs. Operating costs of \$4,758 related to a budget amendment have been included in FY88 funds for the Behavioral Risk Program.

AIDS

The AIDS Program funding has been included entirely in a modified request at the expected level of federal funds. FY88 actual funding reflected in Table #11 includes \$156,695 in expenses related to budget amendments approved during the year.

COMMUNICABLE DISEASES

The Communicable Disease Program budget increases \$8,273 from FY88. Indirect costs increase \$7,793 from FY88. Minor increases in other areas account for the balance of the increase. This program is funded entirely from the general fund.

STD

Funding for the STD Program decreases \$63,236 from FY88. This decrease is due to the internal reorganization that transferred the FTE in this program to the Immunization Program for the 1990-91 biennium. This program is funded with federal funds.

IMMUNIZATION

The budget for the Immunization Program increases \$89,848 from FY88. Personal services increase \$54,251 with the addition of the 2.20 FTE transferred from the STD Program. Contracted services increase \$7,262. This increase is related to an increase in printing pamphlets, forms, immunization cards, and charts necessary for the program to keep the public informed about vaccine, vaccine-preventable diseases, laws, and the Immunization Program. Travel increases \$3,156 and indirect costs increase \$24,071 as a result of the new FTE and the new allocation plan. Other small increases account for the balance of the increase. This program is funded by general fund and federal funds. The general fund portion is for 20% of personal services and in-state travel costs.

Other programs included in the PH Bureau include: the Rape Crisis Program, funded by PH Block Grant Funds - \$11,968, mandated as part of the receipt of the PH Block Grant; the Renal Program, funded by general fund - \$125,000; and the Rabies Vaccine Program, funded by federal funds - \$52,702.

Table #11 breaks out the subprograms within the PH Bureau. The table reflects the funding source of each subprogram. FY88 actual expenses are shown for the Dental, Risk Reduction, and Health Education Risk Reduction programs transferred out of the PH Bureau for the 1990-91 biennium. FY88 expenditures include \$194,988 related to the Genetics Program and \$161,453 associated with budget amendments.

Department of Health and Environmental Sciences Table 11
Preventive Health Bureau
FY88 and the 1990-91 Biennium

Item	FY88 Actual	FY90 Budgeted	FY91 Budgeted
Perinatal Program			
General Fund	\$194,988	\$0	\$0
MCH Block	137,673	162,951	165,045
PH Block	67,412	69,667	68,052
Total Funds	<u>\$400,073</u>	<u>\$232,618</u>	<u>\$233,097</u>
Dental			
General Fund	\$21,206	\$0	\$0
MCH Block	42,514	0	0
PH Block	19,126	0	0
Total Funds	<u>\$82,846</u>	<u>\$0</u>	<u>\$0</u>
Behavioral Risk			
Federal Funds	<u>\$17,010</u>	<u>\$0</u>	<u>\$0</u>
Health Education Risk Reduction			
Total PH Block	<u>\$48,416</u>	<u>\$0</u>	<u>\$0</u>
AIDS			
Federal Funds	<u>\$246,685</u>	<u>\$580,482</u>	<u>\$641,188</u>
Communicable Diseases			
General Fund	<u>\$43,233</u>	<u>\$51,506</u>	<u>\$51,534</u>
STD			
General Fund	\$11,215	\$0	\$0
Federal STD	75,324	23,303	22,187
Total Funds	<u>\$86,539</u>	<u>\$23,303</u>	<u>\$22,187</u>
Immunization			
General Fund	\$20,548	\$41,294	\$41,294
Federal Funds	144,406	213,508	214,191
Total Funds	<u>\$164,954</u>	<u>\$254,802</u>	<u>\$255,485</u>
Rape Crisis			
PH Block	<u>\$11,970</u>	<u>\$11,968</u>	<u>\$11,968</u>
End Stage Renal Disease			
General Fund	<u>\$125,000</u>	<u>\$125,000</u>	<u>\$125,000</u>
Rabies			
Federal Funds	<u>\$48,529</u>	<u>\$52,702</u>	<u>\$54,849</u>

Modification Request

Low Birthweight Prevention Projects - This is a request for the continuation of the Low Birthweight Prevention Projects with expansion to at least four additional counties. The goal of this project is to improve the outcome of pregnancy in Montana by reducing the risk of preventable mortality, morbidity, and disability during the perinatal period. This request is funded by general funds at a cost of \$66,000 in FY90 and \$65,000 in FY91.

Risk Prevention/Quality Assurance - This is a request to continue the Risk Prevention/Quality Assurance Program and expand current Level II hospital evaluations. This program is contracted with an out-of-state Level III Medical Center. This request is funded by the general fund at a cost of \$25,000 in FY90 and \$20,000 in FY91.

AIDS - This is a request to continue the Montana AIDS Project at a level projected by anticipated federal revenues.

This program is responsible for detecting and preventing the further spread of HIV infection in the state's population, especially in minority populations particularly the American Indian population in which the risk of AIDS is especially high. There are 8.00 FTE and related operating costs associated with this request. This program is funded with federal funds at a cost of \$580,482 in FY90 and \$641,188 in FY91. Table #12 reflects the AIDS activity within the state as of September 15, 1988.

Department of Health and Environmental Sciences Table 12
Montana AIDS Cases
Demographic Summary as of 9/15/88

CASES			SEX		
Reported Cases	23	100%	Female	3	13%
Reported Deaths	13	57%	Male	20	87%
				23	100%
AGE			RISK FACTOR		
Less than 5	0	0%	Homosexual/Bisexual Male	12	52%
5-12	0	0%	IV Drug Abuser	3	13%
13-19	0	0%	Homosexual Male & IVDA	2	9%
20-29	6	26%	Hemophilia, ect.	2	9%
30-39	12	52%	Heterosexual	3	13%
40-49	4	17%	Transfusion, Blood Components	0	0%
Over 49	1	4%	No Identified Risk (NIR)	1	4%
	23	100%		23	100%
RACIAL/ETHNIC GROUP			COUNTY OF DIAGNOSIS		
White	19	83%	Cascade	8	35%
American Indian	1	4%	Gallatin	1	4%
Black	1	4%	Lewis and Clark	1	4%
Hispanic	2	9%	Missoula	4	17%
Other/Unknown	0	0%	Silver Bow	1	4%
			Yellowstone	5	22%
				23	100%

Chronic Disease - This is a request for a cooperative agreement to assist the State of Montana in developing a Chronic Disease Control Project in coordination with the Centers for Disease Control. This project will address planning, develop-

ment, integration, coordination, and evaluation of programs to control the state's chronic diseases. This project will need 1.50 FTE. This request will be funded by federal funds at a cost of \$92,149 in FY90 and \$92,143 in FY91.

LICENSING AND CERTIFICATION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	27.35	29.55	36.55	36.55
Personal Services	716,425.25	731,718	946,380	947,907
Operating Expenses	226,113.41	81,052	741,296	744,066
Equipment	5,721.79	500	40,160	9,500
Total Program Costs	\$948,260.45	\$813,270	\$1,727,836	\$1,701,473
General Fund	311,402.71	367,630	454,152	450,902
Federal & Other Spec Rev Fund	636,857.74	445,640	1,273,684	1,250,571
Total Funding Costs	\$948,260.45	\$813,270	\$1,727,836	\$1,701,473
Current Level Services	948,260.45	813,270	1,047,199	1,045,041
Modified Level Services	0.00	0	680,637	656,432
Total Service Costs	\$948,260.45	\$813,270	\$1,727,836	\$1,701,473

Program Description

The Licensing and Certification Bureau is responsible for monitoring the operation, maintenance, and design of various health care facilities and related services including hospitals, long-term care facilities, home health agencies, medical laboratories, outpatient physical or speech therapists and facilities, renal dialysis units, ambulatory surgical centers, mental health and retardation treatment facilities, hospice, swing beds and chemical dependency treatment facilities.

The bureau has legal authority to issue licenses, grant Medicaid certification, and recommend Medicare certification for facilities and services that meet regulations. It has the legal responsibility to promulgate and revise licensing regulations, to investigate and act upon citizens' complaints, and to revoke the license or certification of any facility or service which falls below minimum standards and jeopardizes the health or safety of the patients or clients.

The surveyors and supervisory staff provide continuing consultation services to all providers and information to the public and government and private agencies.

Budget Issues

A supplemental was granted to the Licensing and Certification Bureau during FY88. Included in the supplemental were 4.00 FTE and associated operating costs. Because of a lag time between the supplemental request and the hiring of the new FTE, actual FTE added during FY88 were equivalent to 1.80 FTE. The full 4.00 FTE will be reflected in FY89. Personal services decrease \$14,385 from FY88 to FY90. This is due to the supplemental FTE being included in FY88 actual costs. The FTE and associated costs related to the supplemental will be presented as a modified request in this budget. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$111,386 from FY88. The major portion of this increase is due to the change in allocating indirect costs within the agency. Indirect costs increase \$110,326 from FY88 with minor increases in travel, rent, and repair and maintenance offset with minor decreases in contracted services, supplies, and communications making the balance of the increase. Operating costs associated with the supplement are included within FY88 actual costs.

Recommended equipment includes two lap top computers with modems, printers, and software to be used by the field

Licensing and Certification staff. The cost of this equipment will be \$7,660 in FY90.

Program funding will be based upon historical workload rather than the past formula of one-third general funds, one-third Medicaid funds, and one-third Medicare funds. Based upon historical workload, the new funding will be 33% general fund, 22% Medicaid funds, and 45% Medicare funds. Although the program appropriation must be budgeted between funding sources, reimbursement is made according to allocation of staff time to each licensing and certification area.

It is the executive recommendation that language added in HB2 by the 1987 Legislature be included in the 1990-91 budget. The language added in HB2 prohibited the transfer of general fund authority out of this program. General fund and federal authority may be transferred into the program, however. General fund in the program may be reduced if the Governor requests a general fund reduction of state agency budgets.

Modification Request

Supplemental - The Licensing and Certification Bureau added 4.00 FTE by supplemental appropriation during FY88. This supplemental allowed Licensing and Certification to meet an increased workload resulting from new federal regulations and the growth in the number of health care facilities that must be surveyed. This is a request to continue the FTE into the 1990-91 biennium. Costs associated with this request are \$143,140 in FY90 and \$143,700 in FY91. Funding will be split 33% general fund, 22% Medicaid funds, and 45% Medicare funds.

OBRA - Passage of the Omnibus Budget Reconciliation Act (OBRA) of 1987 has mandated major changes in the way nursing homes deliver services, staff their facilities, are inspected by government agencies, and are sanctioned when services do not measure up. OBRA mandates more indepth surveys of nursing homes facilities, training for state staff, facility staff, and facility residents, a home health toll free number, nurse's aid training and the maintaining of a nurse aid registry of all competent trained nurses, and the surveying and certification of independent physicians office laboratories. The costs of meeting the OBRA mandates will be \$537,497 in FY90 and \$512,732 in FY91. These costs will be funded with general funds, Medicaid funds, and Medicare funds.

HEALTH PLANNING Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	4.75	4.75	4.75	4.75
Personal Services	135,494.58	141,318	144,431	144,849
Operating Expenses	24,515.82	28,915	57,955	58,036
Equipment	323.60	250	0	0
Total Program Costs	\$160,334.00	\$170,483	\$202,386	\$202,885
General Fund	160,334.00	170,483	202,386	202,885
Total Funding Costs	\$160,334.00	\$170,483	\$202,386	\$202,885
Current Level Services	160,334.00	170,483	202,386	202,885
Total Service Costs	\$160,334.00	\$170,483	\$202,386	\$202,885

Program Description

The Bureau of Health Planning produces the state health plan, related plans, and planning research; administers the state Certificate of Need Program for medical facilities; and collects, maintains, and distributes health facility data.

Budget Issues

The 1987 Legislature passed SB246 extending the Certificate of Need (CON) program another biennium until federal guidelines for health planning and the construction of new health care facilities are adopted. The federal government has since dropped this program. The CON program will sunset at the end of FY89. The status of this program will depend upon legislation passed in the 1989 Legislature. This program has been budgeted at current level for the 1990-91 biennium. There has been no change in budgeted FTE from FY88 to the 1990-91 biennium. Personal services increases \$8,936 from FY88 actual to FY90 budgeted. This increase is

due to vacancies in FY88. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$33,439 from FY88 expenses. This increase is due to the change in the method of allocating indirect costs within the agency. \$480 have been reduced from contracted services, supplies, communications, and travel to reflect expenses related to the division administrator. These expenses are budgeted in the Health Services Division Administrators budget.

SB246 repeals the requirement to obtain a CON effective July 1, 1989. However, a statement of intent adopted with SB246 directs the department to prepare an evaluation of the need to continue the CON program by December 1988. The department is directed also to identify alternative legislation that would be needed if CON were to be discontinued. If possible, the Legislative Audit Committee is to conduct a performance audit of the CON process and make its recommendation to the 1989 Legislature.

Funding for this program is from the general fund.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	1,920.74	1,931.14	1,934.43	1,934.43
Personal Services	52,107,252.57	54,407,768	54,294,520	54,414,453
Operating Expenses	174,699,397.88	178,279,262	198,993,056	170,451,770
Equipment	6,966,351.89	6,120,081	6,462,083	6,296,507
Capital Outlay	2,460,387.12	2,508,130	4,642,880	7,296,590
Grants	14,236,434.51	14,282,778	14,230,000	14,230,000
Transfers	22,854,698.93	38,826,048	39,738,724	37,464,940
Debt Service	46,120.19	16,915	49,269	49,269
Total Agency Costs	\$273,370,643.09	\$294,440,982	\$318,410,532	\$290,203,529
State Special Revenue Fund	149,437,589.56	196,277,951	188,920,271	179,974,989
Federal & Other Spec Rev Fund	107,618,665.66	81,697,463	115,224,348	96,135,647
Proprietary Fund	16,314,387.87	16,465,568	14,265,913	14,092,893
Total Funding Costs	\$273,370,643.09	\$294,440,982	\$318,410,532	\$290,203,529
Current Level Services	273,254,266.91	294,440,982	318,164,566	289,957,565
Modified Level Services	116,376.18	0	245,966	245,964
Total Service Costs	\$273,370,643.09	\$294,440,982	\$318,410,532	\$290,203,529

Agency Description

The Department of Highways is responsible for the planning, designing, constructing, repairing, reconstructing and maintaining the state's highways. It is also responsible for assessing and mitigating the social and environmental impacts resulting from these activities. The department also enforces the gross vehicle weight statutes and regulations. The department's statutory authority is derived from section 2-15-2501, MCA. Specification of the department's statutory powers and duties is found in Title 60, chapter 2, part 2, MCA.

Budget Issues

During the Executive Planning Process, the Montana Department of Highways requested that the funding of the Internal Service Revolving Program be changed from the proprietary fund to the state special revenue fund. This recommendation eliminates the Internal Service Revolving Program. The responsibility centers for the program have been transferred to existing programs. This action eliminates excess authority and double accounting of funds within the department. The various program budgets reflect this change.

Included in the Governor's recommendation is a modified request for additional personnel and operating costs for bet-

ter and more controlled maintenance of rest areas. Presently, rest areas are maintained by independent contractors. The modification provides services for six of the largest rest areas.

The Department has adopted the policy of charging the true cost of equipment rental. Previously, the programs were charged for the usage only of the equipment provided by the Equipment Bureau. This budgetary proposal includes charging replacement costs in addition to usage costs in their rates. Consequently increases are included in equipment rental charges in the various program's budgets. This rental increase is offset by the elimination of a budget transfer of cash from the earmarked special revenue account to the Equipment Program.

Also, included in this recommendation is the transfer of the communications unit from the General Operations Program to the Maintenance Program. This action is recommended for more efficient management of personnel who will maintain the high band radio system throughout the state after the department's conversion from the current low band system in FY89. Supervision will be provided by field maintenance managers rather than from Helena headquarters.

Table 1 shows the Cash Flow Projections for the Highway State Special Revenue Accounts.

TABLE 1
CASH FLOW PROJECTION
HIGHWAY STATE SPECIAL REVENUE ACCOUNTS

	Actual FY88	Budgeted FY89	Budgeted FY90	Budgeted FY91	Budgeted FY92	Budgeted FY93
BEGINNING CASH BALANCE	\$126,618,131	\$140,748,187	\$6131,617,317	\$104,233,307	\$81,326,896	\$47,940,831
REVENUE						
G.V.W.	\$23,967,756	\$23,505,000	\$23,154,000	\$23,154,000	\$23,154,000	\$23,154,000
GAS TAX	79,675,077	78,916,400	77,418,349	75,374,349	75,374,349	75,374,349
DIESEL TAX	21,185,520	21,682,000	22,259,000	22,846,000	22,846,000	22,846,000
ACCOUNTS RECEIVABLE	2,213,013	1,567,188	1,058,217	1,058,217	1,058,217	1,058,217
COAL TAX	10,156,597	7,016,000	6,286,000	5,304,000	5,304,000	5,304,000
STORES	11,375,963	13,672,810	12,920,457	12,989,537	13,509,118	14,049,483
BONDS	16,570,149	6,932,850	1,655,998			
ADJUSTMENTS	118,859		176,605	58,775	58,775	58,775
TOTAL REVENUE	\$165,025,216	\$153,292,248	\$144,928,626	\$140,784,878	\$141,304,459	\$141,844,824
AVAILABLE CASH	\$291,643,347	\$294,040,435	\$276,545,943	\$245,018,185	\$222,631,355	\$189,785,655
EXPENDITURES						
G.V.W.	\$3,392,515	\$3,503,362	\$3,325,600	\$3,346,723	\$3,480,592	\$3,619,816
GENERAL OPERATIONS	5,055,256	5,133,734	6,055,664	5,927,311	6,164,403	6,410,980
CONSTRUCTION	6,851,158	6,988,181	8,289,699	23,854,334	24,564,910	22,088,599
R.T.F. CONSTRUCTION	21,072,047	33,016,000	34,525,143	31,439,887	37,500,000	35,000,000
BOND CONSTRUCTION	19,076,335	16,908,758	20,854,224			
MAINTENANCE	40,968,264	40,865,147	43,706,925	44,358,907	46,133,263	47,978,594
PRECONSTRUCTION	3,847,939	4,125,416	4,779,524	5,699,037	5,281,138	5,492,383
EQUIPMENT	1,930,659	1,705,659				
BUILDING BOND DEBT SERVICE	596,085	602,845	603,000	606,750	614,250	615,250
A & E	1,143,947	882,807	1,522,788		1,522,788	
LOCAL GOVERNMENT	14,146,250	14,146,250	14,146,250	14,146,250	14,146,250	14,146,250
BOND DEBT SERVICE	10,041,082	10,041,083	10,041,083	10,041,083	10,041,083	17,861,083
DEPARTMENT OF REVENUE	783,472	788,714	797,000	797,000	828,880	862,035
DEPARTMENT OF JUSTICE	9,708,600	9,807,252	10,745,279	10,484,470	10,903,849	11,340,003
STORES	12,244,376	13,672,810	12,920,457	12,989,537	13,509,118	14,049,483
ADJUSTMENTS	37,175	235,100				
TOTAL EXPENDITURES	\$150,895,160	\$162,423,118	\$172,312,636	\$163,691,289	\$174,690,524	\$179,464,476
ENDING CASH BALANCE	\$140,748,187	\$131,617,317	\$104,233,307	\$81,326,896	\$47,940,831	\$10,321,179

As anticipated after passage of the fuel tax increase in 1987, the revenues are sufficient to maintain the current highway construction program through the end of the Reconstruction Trust Fund (RTF) program, assuming modest inflationary increases. At the end of 1993 the balance is projected to be approximately \$10 million, the minimum necessary for matching unanticipated federal funds, emergencies and cash flow needs. The cash balances are high in the early years as projected in the 1988-89 Appropriations Report. As required for tax exempt bonds, funds from the \$150 million bond issue in 1987 must be used instead of highway special revenue funds to pay for the expanded construction program.

At the end of FY90 the bond proceeds will be used up. All construction expenditures must then come out of the state highway special revenue account. The cash balances will then fall rapidly to the necessary \$10 million level established by the legislature in 1985.

Revenues for 1988 and 1989 are projected to be higher than budgeted in 1987. Fuel consumption was higher in 1988

than in 1987, the first time there was an increase over the previous year after ten years of decline. Coal tax revenues were higher because of production increases to trigger the coal tax reduction. Revenues from the bonding program were also higher than initially anticipated. The result is larger cash balances projected for FY89 and FY90. Interest income to the general fund from the cash balances should be approximately \$18 million for the period 1989 through 1991. Revenues fall below expenditures by \$9 million beginning in the current fiscal year, and reach a net of \$30 million by 1992. In addition, expenditures for construction in 1992 will, for the first and only time, approach the \$40 million per year level authorized by the legislature when it established the RTF program in 1983.

In 1993, when the balance approaches the \$10 million level, the legislature will once again face the need to bring expenditures and revenues into balance if the highway construction program is to continue at the current level.

Table 2 shows the gas and diesel collections and rates from FY75 to projected amounts in FY90-91.

TABLE 2
GAS AND DIESEL TAX COLLECTIONS AND RATES

FISCAL YEAR	GASOLINE		DIESEL	
	TAX RATE	COLLECTIONS (\$000)	TAX RATE	COLLECTIONS (\$000)
1975	0.0775	\$29,156	0.0975	\$ 6,703
1976	0.0775	\$32,723	0.0975	\$ 7,915
1977	0.08	\$34,552	0.10	\$ 8,787
1978	0.08	\$36,893	0.10	\$ 9,252
1979	0.09	\$37,603	0.10	\$ 9,907
1980	0.09	\$39,189	0.11	\$10,788
1981	0.09	\$36,272	0.11	\$11,777
1982	0.09	\$36,816	0.11	\$11,591
1983	0.09	\$36,133	0.11	\$11,877
1984	0.15	\$60,194	0.17	\$17,793
1985	0.15	\$60,949	0.17	\$19,279
1986	0.15	\$59,566	0.17	\$18,577
1987	0.17	\$66,600	0.17	\$17,541
1988	0.20	\$79,665	0.20	\$21,186
1989	0.20	\$78,905 (EST.)	0.20	\$21,682 (EST.)
1990	0.20	\$77,418 (EST.)	0.20	\$22,259 (EST.)
1991	0.20	\$75,374 (EST.)	0.20	\$22,846 (EST.)

This budget recommendation does not include any gas or diesel fuel tax increases.

The Governor's budget recommendation allows the Department of Fish Wildlife and Parks to expend \$84,000 each year from the Highways State Special Revenue Account for maintenance of Fish, Wildlife and Parks roadways.

GENERAL OPERATIONS PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	178.93	178.93	168.93	168.93
Personal Services	4,552,109.79	4,744,743	4,534,654	4,545,797
Operating Expenses	3,307,304.87	3,477,315	3,105,111	3,038,924
Equipment	280,528.49	135,875	249,765	139,500
Grants	14,236,434.51	14,282,778	14,230,000	14,230,000
Debt Service	46,120.19	16,915	46,200	46,200
Total Program Costs	\$22,422,497.85	\$22,657,626	\$22,165,730	\$22,000,421
State Special Revenue Fund	19,130,256.52	19,244,362	20,229,730	20,104,954
Federal & Other Spec Rev Fund	1,591,985.74	1,555,856	1,936,000	1,895,467
Proprietary Fund	1,700,255.59	1,857,408	0	0
Total Funding Costs	\$22,422,497.85	\$22,657,626	\$22,165,730	\$22,000,421
Current Level Services	22,422,497.85	22,657,626	22,165,730	22,000,421
Total Service Costs	\$22,422,497.85	\$22,657,626	\$22,165,730	\$22,000,421

Program Description

The General Operations Program provides the overall administrative and support services essential to the operations of the department through the Director's Office, and the Centralized Services, Program Development, and Personnel Divisions.

Budget Issues

There is a reduction of 10.00 FTE in the General Operations Program from the FY88 actual of 178.93 FTE to 168.93 FTE in FY90 and FY91. The reason for the decrease is that the Communications Unit was transferred from the General Operations Program to the Maintenance Program. Transferring these positions will allow more efficient supervision of personnel in the field offices now that the conversion to the high band radio system is complete.

A 2% vacancy savings is recommended in this program.

The decline in operational cost is mostly attributable to the elimination of the Internal Service Program which was a user provider operation. Consequently, the General Operations Program no longer requires expenditures for revolving services. The largest operational declines are for data processing costs previously shown as expenditures to the Internal Service Proprietary Account.

The debt service reflects administrative charges for the Department's \$150 million for the revenue bond and building bonds of \$7.5 million.

Grants in the Operations Program are for Highway Special Revenue Funds set by statute which are distributed to cities and counties for maintenance and construction of streets and roads.

Equipment requests are primarily for data processing equipment, road profiler equipment and office equipment.

CONSTRUCTION PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	630.60	641.00	638.99	638.99
Personal Services	16,452,498.24	17,731,943	17,232,625	17,281,865
Operating Expenses	127,666,299.61	130,868,795	149,973,655	120,663,763
Equipment	231,131.40	194,217	217,941	218,431
Debt Service	0.00	0	3,069	3,069
Total Program Costs	\$144,349,929.25	\$148,794,955	\$167,427,290	\$138,167,128
State Special Revenue Fund	46,739,119.78	75,608,506	63,697,989	55,325,023
Federal & Other Spec Rev Fund	96,711,026.60	72,276,803	103,729,301	82,842,105
Proprietary Fund	899,782.87	909,646	0	0
Total Funding Costs	\$144,349,929.25	\$148,794,955	\$167,427,290	\$138,167,128
Current Level Services	144,349,929.25	148,794,955	167,427,290	138,167,128
Total Service Costs	\$144,349,929.25	\$148,794,955	\$167,427,290	\$138,167,128

Program Description

The Construction Program is responsible for ensuring that roads and bridges are constructed or reconstructed to appropriate design standards to accommodate the needs of state motorists. It supervises highway construction from project award through completion and approval of the project.

Budget Issues

The Highways Construction Program was budgeted for 600.60 FTE in FY88 and 611.00 FTE in FY89. The FY88 actual expenditures of 630.60 FTE reflects an additional 30.00 FTE transferred from the Internal Service Revolving Program which has been deleted from this recommendation. There were 2.01 FTE vacant over a year and a half which were deleted in the FY90-91 recommendation. A 2% vacancy savings has been recommended.

The department has a project cost scheduling system which projects contractor payment for the road construction. By using this system, the department projects contracted services needs of \$146,041,365 in FY90 and \$116,644,079 in FY91.

Supplies and materials decreases because there will be less minor maintenance field equipment required in the 1991 biennium.

The communications declines primarily because of lower charges for equipment and long distance services.

More travel is required because the interstate system is completed and work crews need to work in more isolated areas on primary and secondary projects.

Rent is charged from the Equipment Bureau to the various programs of the Department. The rent increases because in the past only usage charges have been made. Now the rates will include charges for replacement as well as usage. This reflects a more accurate rental charge system.

The repair and maintenance decreases due to the elimination of the internal services revolving program. Consequently, data processing charges will not be charged to the Construction Program as a user.

Equipment is recommended to reflect replacement needs for the level of construction projected over the next biennium.

Proper accounting requires the telephone lease charges to be recorded as debt service.

The Federal and other Special Revenue primarily supports the construction program. The State Special Revenue includes funding for the RTF, bonds, and earmarked projects. The earmarked and bond money is reimbursed by federal funds at a larger ratio than is actually spent in state revenues.

Proprietary funding is not requested because of the elimination of the service revolving program.

MAINTENANCE PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	642.18	642.18	661.48	661.48
Personal Services	18,519,383.82	19,030,425	19,374,329	19,402,109
Operating Expenses	22,333,012.17	21,812,602	24,387,863	25,035,055
Equipment	99,438.19	100,090	209,720	187,214
Capital Outlay	16,430.34	133,030	71,490	71,490
Total Program Costs	\$40,968,264.52	\$41,076,147	\$44,043,402	\$44,695,868
State Special Revenue Fund	40,968,264.52	40,865,147	44,043,402	44,695,868
Federal & Other Spec Rev Fund	0.00	211,000	0	0
Total Funding Costs	\$40,968,264.52	\$41,076,147	\$44,043,402	\$44,695,868
Current Level Services	40,968,264.52	41,076,147	43,797,436	44,449,904
Modified Level Services	0.00	0	245,966	245,964
Total Service Costs	\$40,968,264.52	\$41,076,147	\$44,043,402	\$44,695,868

Program Description

The Maintenance Program is responsible for preserving and repairing all highways and their appurtenances within the right-of-way of interstate, urban, primary, and state-maintained secondary highway systems in Montana. The purpose of the program is to maximize the safety of persons traveling on state highways, enhance the convenience of the public while moving about the state, and preserve the rideability of the highway system within the expected useful life of the road surfaces.

Budget Issues

The Maintenance Program was budgeted for 642.33 FTE in FY88 and FY89. A 0.15 FTE mechanic was transferred from the Maintenance Program to the Equipment Program where duties are actually performed. This accounts for a level of 642.18 FTE in FY88 and FY89. The Communications Unit including 10.00 FTE was transferred from the General Operations Program to the Maintenance Program. A 1.00 FTE mechanic position was transferred from the Equipment Program to the Maintenance Program where duties are actually performed. There was 0.80 FTE deleted from this program which was vacant over a year and a half. Another 0.50 FTE mechanic was transferred to the Equipment Bureau. Thus, 651.88 FTE is recommended for FY90 and FY91. A 2% vacancy savings is recommended in this program.

Expenditures are reduced in contracted services because of the elimination of the Internal Service Revolving Program.

Rent is charged from the Equipment Bureau to the various programs of the Department. The rent increases because in the past only usage charges have been made. Now the rates will include charges for replacement as well as usage. This reflects a more accurate rental charge system.

The equipment replacement for the Maintenance Program is recommended at \$209,720 in FY90 and \$187,214 in FY91. Included in this recommendation is communications equipment, field maintenance equipment and office equipment.

The capital outlay recommendation is for the purchase of land for the production and storage of sand and gravel. These funds are budgeted for \$71,490 in FY90 and FY91.

Modification Request

Rest Area Maintenance - Presently, the Department of Highways contracts for the cleaning and maintenance of rest areas. This arrangement does not allow Department managers the control they need to assure that proper maintenance services are received. This request is to allow Highways to hire 9.60 FTE to maintain six major rest areas most utilized by the traveling public. The State Special Revenue cost for these additional positions and operational costs is \$245,966 in FY90 and \$245,964 in FY91.

PRECONSTRUCTION PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	232.00	232.00	231.00	231.00
Personal Services	6,491,912.35	6,733,429	7,018,184	7,036,782
Operating Expenses	4,237,101.54	2,828,491	3,037,889	3,138,277
Equipment	351,031.39	394,500	189,998	176,203
Capital Outlay	2,343,967.04	2,255,100	4,451,390	7,105,100
Total Program Costs	\$13,424,012.32	\$12,211,520	\$14,697,461	\$17,456,362
State Special Revenue Fund	4,108,359.00	4,557,716	5,138,414	6,058,287
Federal & Other Spec Rev Fund	9,315,653.32	7,653,804	9,559,047	11,398,075
Total Funding Costs	\$13,424,012.32	\$12,211,520	\$14,697,461	\$17,456,362
Current Level Services	13,307,636.14	12,211,520	14,697,461	17,456,362
Modified Level Services	116,376.18	0	0	0
Total Service Costs	\$13,424,012.32	\$12,211,520	\$14,697,461	\$17,456,362

Program Description

The Preconstruction Program carries out the planning stages of highway development, including determining location and design, conducting any necessary public hearings, acquiring needed rights-of-way, and processing highway projects for contract award.

Budget Issues

The Preconstruction Program was authorized 232.00 FTE in FY88-89. This recommendation deletes a 1.00 FTE which has been vacant over a year and a half. A 2% vacancy savings is recommended.

The decrease in contracted services is the result of the elimination of the Internal Services Revolving Program which was a user provider operation. Consequently, the Precon-

struction Program no longer requires expenditures for revolving services. This decrease is primarily for data processing and printer services previously shown as expenditures in the proprietary account.

The travel increases are for necessary preconstruction work for anticipated projects.

The equipment recommendation includes computer equipment for the Computer Aided Drafting and Design (CADD) system, and office equipment.

Capital Outlay is for the necessary purchases of right of way land for the construction of highways.

Funding for the Preconstruction Program is primarily from Federal and Other Special Revenue Funds. The State Special Revenue Fund is expended and reimbursed by federal sources at a higher ratio.

STATE MOTOR POOL
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	5.00	5.00	5.00	5.00
Personal Services	118,942.81	119,793	122,096	122,250
Operating Expenses	229,594.72	217,982	243,257	243,500
Equipment	408,375.50	335,620	670,000	650,000
Total Program Costs	\$756,913.03	\$673,395	\$1,035,353	\$1,015,750
Proprietary Fund	756,913.03	673,395	1,035,353	1,015,750
Total Funding Costs	\$756,913.03	\$673,395	\$1,035,353	\$1,015,750
Current Level Services	756,913.03	673,395	1,035,353	1,015,750
Total Service Costs	\$756,913.03	\$673,395	\$1,035,353	\$1,015,750

Program Description

The State Motor Pool Program operates and maintains a fleet of rental vehicles available to all state officials and employees in the Helena area for use for official business.

Budget Issues

The current level of 5.00 FTE is recommended in FY90-91 for the Motor Pool Program. A 2% vacancy savings is recommended.

The operational cost increase in this program is primarily for inflation adjustments to gas and diesel fuel.

The demand for motor vehicle usage has steadily increased. The Motor Pool operates on a proprietary revolving fund. State agencies are charged for fleet usage. The Motor Pool has a fleet of 158 vehicles in FY88-89. During FY89 the department proposes to purchase and additional 22 vehicles bringing the fleet number to 180 units. The department wishes to operate with a fleet level of 180 vehicles in the 1991 biennium. It will be necessary to replace 68 vehicles in

FY90 and 61 vehicles in FY91. The present rates include adjustments for the purchase of the additional fleet in FY89 and the replacement of vehicles in FY90 and FY91. The equipment purchases will be made with funds borrowed from the Highway State Special Revenue Account which will be reimbursed by charges made to users over a four year period.

EQUIPMENT PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	122.00	122.00	121.00	121.00
Personal Services	3,451,366.85	3,476,874	3,456,852	3,463,302
Operating Expenses	3,963,726.84	4,642,586	4,704,396	4,708,182
Equipment	5,542,342.69	4,905,659	4,905,659	4,905,659
Transfers	1,930,658.99	1,705,659	0	0
Total Program Costs	\$14,888,095.37	\$14,730,778	\$13,066,907	\$13,077,143
State Special Revenue Fund	1,930,658.99	1,705,659	0	0
Proprietary Fund	12,957,436.38	13,025,119	13,066,907	13,077,143
Total Funding Costs	\$14,888,095.37	\$14,730,778	\$13,066,907	\$13,077,143
Current Level Services	14,888,095.37	14,730,778	13,066,907	13,077,143
Total Service Costs	\$14,888,095.37	\$14,730,778	\$13,066,907	\$13,077,143

Program Description

The Equipment Program is responsible for the purchase and maintenance of a fleet of equipment and vehicles for use within the Department of Highways. The primary goal is to provide replacement equipment and maintain and repair existing equipment in a cost effective manner.

Budget Issues

The Equipment Program was originally budgeted for 119.85 FTE in FY89 and FY89. Program transfers added a 0.15 FTE mechanic from the Maintenance Program; a 1.00 FTE was added from the Internal Service Revolving Program; and a 1.00 FTE mechanic from the Motor Pool Program was added resulting in an adjusted FY88-89 FTE level of 122.00. The agency's budget request deletes a 1.00 FTE position and adds a 0.50 position for 121.50 FTE in FY90-91. We recommend deleting a 0.50 Administrative Officer position which has been vacant over a year and a half. Thus, our recommended FTE level is 121.00 in FY90-91. A 2% vacancy savings has been applied to this program.

The Equipment Program has an Equipment Management System (EMS) which projects operational needs for the Highway programs throughout the year. Operational costs increases primarily in the areas of supplies and materials and repairs and maintenance for such items as fuel, cutting edges, and equipment repair parts. Fuel is adjusted for infla-

tion. A contributing factor in the increased EMS projection is that the FY88 base year experienced a mild winter. Also, the repair and maintenance category increases because the elimination of the Internal Service Revolving Program requires repair and maintenance for aircraft and van pool which is now accounted for in this program.

The equipment request is based upon the projected departmental needs as estimated by EMS. Equipment replacement levels are contingent upon receipt of funds from rent charged for usage.

Transfers occurred in FY88-89 but are not budgeted in FY90-91 because the users of the equipment will pay user and replacement costs. Previously the Equipment Program received a large cash transfer from the Highway Earmarked Revenue Account for the purchase of equipment. Since replacement costs are included in the rental charges, transfers are no longer budgeted in this program. This causes expenditures to increase in the Highway's operating programs and an offsetting reduction in the transfers category in this program.

State Special Revenue Funds are not necessary in FY90-91 because replacement charges will be included in the rental rate structure charged to the Highway user program. Consequently, this program will be totally funded by the user and replacement rental receipts in a proprietary account.

INTERFUND TRANSFERS PROGRAM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Transfers	20,924,039.94	37,120,389	39,738,724	37,464,940
Total Program Costs	\$20,924,039.94	\$37,120,389	\$39,738,724	\$37,464,940
State Special Revenue Fund	20,924,039.94	37,120,389	39,575,071	37,464,940
Proprietary Fund	0.00	0	163,653	0
Total Funding Costs	\$20,924,039.94	\$37,120,389	\$39,738,724	\$37,464,940
Current Level Services	20,924,039.94	37,120,389	39,738,724	37,464,940
Total Service Costs	\$20,924,039.94	\$37,120,389	\$39,738,724	\$37,464,940

Program Description

The Interfund Transfers Program provides a means to separately account for transfers between accounting entities & programs.

Budget Issues

The Interfund Transfer Program is used as a sinking fund for bond payments on outstanding highway bonds. This program is also used to budget the transfer payments between Highway State Special Revenue Accounts and the Reconstruction Trust Fund (RTF).

Because bond debt service payments are statutory appropriations the legislature did not provide any direct spending authority to this program. However, language in the appropriations bill established an appropriation that is used in this program for the cash transfer to the RTF. We recommend similar language in the appropriations bill for the

1991 biennium which would state " The department is appropriated \$29,094,96 in FY90 and \$26,821,012 in FY91 for a cash transfer from the Highway State Special Revenue Account to the Highway Reconstruction Trust Account.

The remaining \$10,643,928 in each fiscal year is revenues statutorily appropriated in 17-7-502 (4) MCA, which is used to pay debt service for the \$150 million revenue bond for Highway construction and payment on the \$7 million bond for the Highway Building Complex.

The \$10,643,928 is included in the total FY90 and FY91 recommendation for information purposes and it is not necessary to include in the appropriations bill.

The \$163,653 proprietary request in FY90 is for the transfer of the residual cash of the Internal Service Revolving Program which is recommended to terminate. These funds will need to be transferred back to the program which provided the original start up funding.

STORES INVENTORY Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	12,244,375.69	13,672,810	12,920,457	12,989,537
Total Program Costs	\$12,244,375.69	\$13,672,810	\$12,920,457	\$12,989,537
State Special Revenue Fund	12,244,375.69	13,672,810	12,920,457	12,989,537
Total Funding Costs	\$12,244,375.69	\$13,672,810	\$12,920,457	\$12,989,537
Current Level Services	12,244,375.69	13,672,810	12,920,457	12,989,537
Total Service Costs	\$12,244,375.69	\$13,672,810	\$12,920,457	\$12,989,537

Program Description

The Store's Inventory Program purchases and stores materials (such as sand, road oil and gasoline) needed by other programs within the department.

Budget Issues

The Stores Program has no personal services. This program needs the appropriation authority to make necessary pur-

chases for the various programs of the department. The programs reimburse the stores on a revolving basis as they utilize these store items throughout each fiscal year. The increase in funding is a reflection of the projected level of construction and maintenance activity anticipated in the 1991 biennium. The major areas of increase are in gasoline and diesel fuel.

G.V.W. Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	110.03	110.03	108.03	108.03
Personal Services	2,521,038.71	2,570,561	2,555,780	2,562,348
Operating Expenses	717,982.44	758,681	620,428	634,532
Equipment	53,504.23	54,120	19,000	19,500
Capital Outlay	99,989.74	120,000	120,000	120,000
Total Program Costs	\$3,392,515.12	\$3,503,362	\$3,315,208	\$3,336,380
State Special Revenue Fund	3,392,515.12	3,503,362	3,315,208	3,336,380
Total Funding Costs	\$3,392,515.12	\$3,503,362	\$3,315,208	\$3,336,380
Current Level Services	3,392,515.12	3,503,362	3,315,208	3,336,380
Total Service Costs	\$3,392,515.12	\$3,503,362	\$3,315,208	\$3,336,380

Program Description

The Gross Vehicle Weight Division provides enforcement of the statutes and regulations relating to vehicle weight and size on the state's highways (Title 61, MCA) and collects gross vehicle weight fees.

Budget Issues

The Gross Vehicle Weight Division (GVW) was budgeted for 110.03 FTE in FY88-89. This recommendation deletes 2.00 FTE GVW Enforcement Officers which have been vacant over a year and a half. Thus, 108.03 are recommended in FY90-91. A 2% vacancy savings of 2% is recommended.

The decline in operational cost is mostly attributable to the elimination of the Internal Service Program which was a user provider operation. Consequently, the GVW Program no longer requires expenditures for revolving services. The largest operational declines are for data processing costs

previously shown as expenditures to the Internal Service Proprietary Account.

Rent is charged from the Equipment Program to the various programs of the Department. The rent increases because in the past only usage charges have been made. Now the rates will include charges for replacement as well as usage.

The utilities are expected to increase because of the completion of the new Haugen weigh station at the Montana Idaho Border. This is a large station which will require extensive lighting and the heating of the large scales. The Idaho Department of Highways will reimburse for a portion of the operating costs of this facility.

The equipment request includes radar guns, low band radios, and office equipment.

The capital outlay request is for the retrofitting of GVW stations. The retrofitting project began in the 1989 biennium and is expected to end in the 1991 biennium.

The GVW Program is funded from the Highway Earmarked Revenue Account.

DEPARTMENT OF STATE LANDS

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	298.47	306.88	327.00	333.13
Personal Services	7,865,125.89	6,940,979	8,109,937	8,250,214
Operating Expenses	6,910,349.74	16,123,304	7,576,181	7,283,941
Equipment	586,203.34	383,481	829,082	514,270
Capital Outlay	2,032,491.83	5,048,000	5,045,000	5,045,000
Grants	265,000.00	265,000	265,000	265,000
Total Agency Costs	\$17,659,170.80	\$28,760,764	\$21,825,200	\$21,358,425
General Fund	8,156,470.77	5,501,542	7,612,348	7,453,292
State Special Revenue Fund	2,292,711.11	14,290,370	3,554,966	3,411,376
Federal & Other Spec Rev Fund	7,069,688.83	8,778,533	10,474,362	10,310,053
Capital Projects Fund	3,608.97	0	0	0
Proprietary Fund	136,691.12	190,319	183,524	183,704
Total Funding Costs	\$17,659,170.80	\$28,760,764	\$21,825,200	\$21,358,425
Current Level Services	16,231,346.86	17,097,651	20,753,351	20,541,159
Modified Level Services	1,427,823.94	11,663,113	1,071,849	817,266
Total Service Costs	\$17,659,170.80	\$28,760,764	\$21,825,200	\$21,358,425

Agency Description

The Department of State Lands exists to administer the lands granted to the state for the support and benefit of the

various state educational institutions and to administer Montana's reclamation laws. The department is provided for in section 2 15-3201, MCA, and its responsibilities are delineated within Title 77, MCA.

CENTRAL MANAGEMENT PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	21.24	22.00	32.50	32.50
Personal Services	586,483.69	655,358	902,417	905,644
Operating Expenses	589,526.55	501,752	652,842	637,231
Equipment	30,439.44	0	27,140	21,000
Grants	265,000.00	265,000	265,000	265,000
Total Program Costs	\$1,471,449.68	\$1,422,110	\$1,847,399	\$1,828,875
General Fund	1,058,183.42	1,068,950	1,354,116	1,338,288
State Special Revenue Fund	188,357.56	73,559	188,233	185,357
Federal & Other Spec Rev Fund	88,217.58	89,282	121,526	121,526
Proprietary Fund	136,691.12	190,319	183,524	183,704
Total Funding Costs	\$1,471,449.68	\$1,422,110	\$1,847,399	\$1,828,875
Current Level Services	1,471,449.68	1,422,110	1,847,399	1,828,875
Total Service Costs	\$1,471,449.68	\$1,422,110	\$1,847,399	\$1,828,875

Program Description

The Central Management Program staff provide administrative and operational support services for the department. The staff are responsible for trust revenue collection distribution, fiscal, data processing, personnel and aviation services to all programs in the department. Legal and reception service are included in this program. Ownership records for trust and non-trust state-owned land are maintained by this program.

Budget Issues

Staff in the Central Management Program was reorganized during the 1989 biennium as a result of the 1987 Legislature asking the department to restructure support functions and of a federal ruling that agency pilots could no longer be considered contract personnel. The FY88 staff configuration of 21.24 FTE was comprised of the 21.00 FTE authorized originally by the legislature, reduced by 0.50 FTE transferred to Forestry Division, and increased by 0.74 FTE pilots for the partial year remaining at the time of transfer. Staff increases

in FY89 by 0.76 FTE for the full-year conversion of the 1.50 FTE pilots from contracts. The transfer of 10.50 FTE from forestry comprises the reorganized, consolidated 32.50 FTE in management services for the 1991 biennium. The Fiftieth Legislature removed 2.00 FTE as part of this consolidation. Current-level compensation is budgeted accordingly and a vacancy savings rate of 1.91% is used based on actual FY88 experience.

The FY88 operating expense base includes \$11,094 from the non-recurring maintenance and sale costs of the former state children's facility at Twin Bridges. Nonetheless, operating expenses increase by \$63,315 from FY88 to FY90 with most items budgeted at or below current level, but the following adjustments more than offsetting the decreases: \$4,500 to contract with surveyors and abstractors to perfect titles on lands that other state agencies are requesting the department to sell; \$5,993 more for audit fees; \$5,302 for on-line edit and entry; \$9,712 more for microfilming and continuing development of land inventory, evaluation and classification portions of the trust land management system; \$12,619 more for aviation fuel based on average annual costs rather than low FY88 expenses; \$264 more for an additional telephone line at the Helena aviation hanger; \$10,690 more for travel as requested by the state Department of Revenue in order to enable the auditor to maximize income from producing oil and gas trust properties; \$1,445 more for rent of hangers in Helena, Missoula and Kalispell and \$1,680 more for rent of Helena office and storage space; \$3,730 to meet

federal training requirements for seasonal pilots, which was previously included in area office budgets and has been deleted for the 1991 biennium; and \$36,471 more for aircraft maintenance which, likewise, has been transferred from other budgets due to the aviation reorganization.

The decrease in operating expenses from FY90 to FY91 is caused primarily by removal of \$35,973 in audit fees offset by a \$17,760 increase budgeted for the entire department to utilize 2,400 square feet in the basement of the present facility when the Federal Reserve vacates the space July 1, 1990.

Equipment costs of \$27,140 in FY90 are \$2,640 for four secretarial-computer work stations, \$3,500 for an aviation computer and \$21,000 for six computerized work stations, one each for four attorneys, one personnel officer and one accountant. The \$21,000 budgeted for FY91 equipment is for memory and software upgrades.

Grants continue at the \$265,000 current level for state land equalization payments to counties in lieu of taxes, pursuant to 77-1-501 et seq, MCA.

General fund increases in this program as a result of the reorganization, but is totally offset by current-level general fund decreases in forestry. State special revenue is the portion of the resource development fund which is appropriated for operation and continuing development of the trust land management system. Federal and other special revenue is the centralized services indirect cost recovery and proprietary revenue is the air operations internal service fund.

RECLAMATION PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	35.00	35.00	40.00	40.00
Personal Services	893,968.88	994,153	1,136,371	1,138,549
Operating Expenses	3,083,279.96	2,301,453	3,856,476	3,677,862
Equipment	97,372.25	30,000	152,918	81,357
Capital Outlay	2,026,742.50	4,970,000	5,000,000	5,000,000
Total Program Costs	\$6,101,363.59	\$8,295,606	\$10,145,765	\$9,897,768
General Fund	82,797.41	84,177	242,971	245,864
State Special Revenue Fund	734,470.97	1,198,701	1,200,000	1,100,000
Federal & Other Spec Rev Fund	5,284,095.21	7,012,728	8,702,794	8,551,904
Total Funding Costs	\$6,101,363.59	\$8,295,606	\$10,145,765	\$9,897,768
Current Level Services	6,000,856.29	8,119,379	9,823,051	9,719,954
Modified Level Services	100,507.30	176,227	322,714	177,814
Total Service Costs	\$6,101,363.59	\$8,295,606	\$10,145,765	\$9,897,768

Program Description

Reclamation Division staff are responsible for regulating all mining-related disturbances in the state. Specifically, they administer: the Montana Strip and Underground Mine Reclamation Act; the Montana Open-Cut Mining Act; the Montana Strip and Underground Mine Siting Act; the Montana Coal Conservation Act; statutes regulating hard-rock mining; and the regulatory program of the Federal Surface Mining Control and Reclamation Act.

Budget Issues

Staff in the current-level budgets remain constant at 35.00 FTE and 5.00 FTE are included in 1991 biennium modified

recommendations. Salaries and benefits for FY90 are budgeted with a \$13,237 net increase from FY89, with the remainder of the current-level personal services increase from FY88 to FY90 attributable to base year vacancy savings, primarily due to a large turnover of technical staff in the Coal and Uranium Bureau, and to 1991 biennium vacancy savings budgeted at 2%.

To better explain the recommended current-level budgets by function, they are summarized by bureau below and this is followed with an explanation of each.

<u>Administration</u>	<u>FY90</u>	<u>FY91</u>
FTE	1.60	1.60
Personal Services	\$45,768	\$45,794
Operating	11,488	11,491
Equipment	4,000	300
Total	\$61,256	\$57,585

Funding Source: State special revenue resource indemnity trust

<u>Opencut Bureau</u>		
FTE	3.00	3.00
Personal Services	\$ 95,627	\$ 95,917
Operating	30,373	39,764
Equipment	13,000	3,319
Total	\$139,000	\$139,000

Funding Source: 50% general fund; 50% resource indemnity trust

<u>Abandoned Mine Land (AML) Reclamation Bureau</u>		
FTE	5.50	5.50
Personal Services	\$ 159,169	\$ 159,618
Operating	2,655,687	2,656,492
Equipment	41,550	26,550
Capital Outlay	5,000,000	5,000,000
Total	\$7,856,406	\$7,842,660

Funding Source: 100% federal reclamation grants

<u>Coal and Uranium Bureau</u>		
FTE	14.90	14.90
Personal Services	\$433,005	\$433,730
Operating	289,413	287,767
Equipment	25,688	37,688
Total	\$748,106	\$759,185

Funding Sources: 30% resource indemnity trust; 70% federal reclamation grants

<u>Hard-Rock Bureau</u>		
FTE	10.00	10.00
Personal Services	\$273,821	\$274,234
Operating	230,962	133,790
Equipment	13,500	13,500
Total	\$518,283	\$421,524

Funding Sources: General fund; hard-rock mining and reclamation state special revenue; resource indemnity trust

<u>Environmental Analysis Program</u>		
FTE	0.00	0.00
Personal Services	0	0
Operating	\$500,000	\$500,000
Total	\$500,000	\$500,000

Funding Source: 100% state special revenue applicant fees

Administration - Staff positions are 0.50 FTE administrator, 0.60 FTE environmental coordinator and 0.50 FTE secretary. Expenses are budgeted at current level plus an increase for out-of-state travel over FY88 in the amount of \$2,529 in FY90 and \$2,520 in FY91 for additional trips to Denver and Washington, D.C. as a result of EPA's scheduled promulgation of rules on non-coal mining wastes.

Opencut Bureau - The bureau administers and enforces the Montana Opencut Mining Act and the Montana Environmental Policy Act with respect to opencut mining of sand, gravel, scoria, bentonite and phosphate rock. The bureau has mine permitting and regulatory authority over all lands in the state, with the exception of the Indian Reservations, including about 2,500 mining sites in all 56 counties.

The 3.00 FTE remain constant and compensation decreases by \$1,920 from FY88 to FY90. Operating expenses increase

by \$6,945 for the same time period as a result of decreases offset by adjustments of \$1,500 for technical consultants; \$3,562 for a part-time summer intern to assist in reducing the backlog of site evaluations and bond releases; \$986 more for film, microfilm and information system plans; \$1,200 for printing and publication of revised opencut administrative rules in FY90; and \$500 to mail both the draft and final rules in FY90. The FY91 increase in operating expenses results from budgeting for regulatory and compliance data management system development.

The department requested a continuing appropriation of \$50,000 in the state special revenue fund to reclaim sites where reclamation bonds have been forfeited as a result of operators' failure to comply with current law, but, since this cannot be forecast, it is not budgeted. Rather, it is recommended that the general appropriations act include language stating that reclamation of mine sites following bond forfeiture meets the emergency requirements for budget amendments.

Another policy decision was made to recommend \$13,000 for purchase of a vehicle in order to reduce staff use of personal vehicles for mining site evaluations. This also leads to a net savings of \$3,373 in operating expenses by reducing the amount budgeted for mileage, offset by increases in gasoline, maintenance and repair. The FY91 equipment is a personal computer for the bureau.

Abandoned Mine Land (AML) Reclamation Bureau - AML administers Title IV of the federal Surface and Mining Control and Reclamation Act of 1977 and the abandoned mine portions of Montana strip, underground, metal and opencut current laws.

FTE remain constant and compensation decreases as a result of less budgeted for salaries due to staff turnover and 2% removed for vacancy savings. From FY88 to FY90 operating expenses increase by \$197,765, equipment increases by \$24,341 and capital outlay for construction at mine sites increases by \$2,973,257 because of planned program activity in order to assure completion of all abandoned mine sites which are a threat to public health and safety.

AML is 100% federally funded through a federal tax on Montana's coal production, with the department receiving 50% of the federally-collected funds through annual administrative and construction grant applications.

Coal and Uranium Bureau - This bureau administers and enforces the federal Surface Mining Control and Reclamation Act (SMCRA) of 1977, the Montana Strip and Underground Mine Reclamation Act and the Montana Mine Siting Act, as well as current law provisions of state environmental policies which relate to these mining acts.

FTE do not change but total personal services costs increase due to FY88 staff turnover and vacancies. Operating expenses increase by \$28,663 from FY88 to FY90 primarily as a result of the following major adjustments: \$7,859 more for legal fees to resolve existing litigation; \$5,963 more to print major rule changes in compliance with federal requirements; \$3,474 more in gasoline, \$5,257 more in travel and \$2,683 more in aircraft rental to partially restore the budget to average and expected levels required to perform bureau responsibilities.

Equipment for FY90 is \$17,000 to replace a high-mileage field vehicle and \$8,688 for a printer, computer upgrades and software. Equipment for FY91 is \$26,000 to replace two vehicles, \$6,688 for a networking file server and software, and \$5,000 for a hydraulic probe to be used in evaluating reclamation prior to bond release.

Consistent with provisions of SMCRA, funding of the bureau is based upon 100% federal funding on federal lands and 50%-federal 50%-state funding on non-federal lands, with the percentages applied directly to permitted acreage. Therefore, as the make-up of mining activity changes, the percentages change. Based upon existing and pending permits, it is recommended that 1991 biennium funding be 30% resource indemnity trust and 70% federal funding.

Hard-Rock Bureau - This bureau administers and enforces the Montana Metal Mine Reclamation Act and the applicable provisions of state environmental policies. The bureau has metal mine permitting and regulatory authority over all lands in the state with the exception of the Indian reservations, leading to extensive interaction with the U. S. Forest Service and the Bureau of Land Management. There currently are some 135 operating permits, 425 exploration licenses and 1,000 small miners exclusion statements.

Staff members remain constant at 10.00 FTE and total compensation increases as a result of vacancy savings in FY88 and a grade adjustment for the bureau chief due to increased responsibilities. There is a \$100,000 continuing appropriation of state special revenue hard-rock fees, fines and penalties to be used for specialized consultant services, pursuant to 82-4-311, MCA. There are \$45,639 of additional increases in operating expenses from FY88 to FY90, including \$35,517 for technical environmental evaluations, \$2,000 for legal fees, \$500 for air photo enlargements, \$300 for microfilming records, \$3,000 for ongoing regulatory and compliance system development, \$1,200 for printing hard-rock administrative rules and \$454 for printing preliminary environmental reviews, \$1,298 in inspection supplies, and \$1,370 of miscellaneous adjustments. The \$97,172 decrease from FY90 to FY91 operating expenses is due primarily to the \$100,000 continuing appropriation in the first year of the biennium.

The department requested a continuing appropriation of \$50,000 in the state special revenue fund to reclaim metal mine sites where reclamation bonds have been forfeited as a result of operators' failure to comply with current law, but, since this is not budgeted, it is recommended that the general appropriations act include language stating that reclamation of metal mine sites following bond forfeiture meets the emergency requirements for budget amendments.

Another policy decision was made to recommend \$13,000 for purchase of a vehicle in FY90 and \$13,000 for purchase of a vehicle in FY91 so that staff use of personal vehicles for mining site evaluations can be eliminated. This also leads to a FY90 net savings of \$1,166 in operating expenses by reducing the amount budgeted for mileage, offset by increases in gasoline, maintenance and repair. The remaining 1991 biennium equipment is \$500 each year for multi-user computer upgrades and software.

Funding is \$173,471 of general fund in FY90 and \$176,364 in FY91; \$244,812 of resource indemnity trust in FY90 and \$245,160 in FY91; and \$100,000 hard-rock reclamation state special revenue for the FY90 biennial appropriation.

Environmental Analysis Program - The function of this program is to prepare Environmental Impact Statements in accord with the requirements of the Montana Environmental Policy Act, with fees collected pursuant to 75-1-202 and 75-1-205, MCA, providing 100% of the funding required. The \$500,000 recommended for each year of the biennium is an estimate of the amount of authority that will be required. If additional spending authority is necessary, the department will submit a budget amendment.

Modification Request

Superfund/Hazardous Waste Liaison - This modification would add 1.00 FTE liaison in the Hard-Rock Bureau to coordinate functions among the various state and federal environmental and mine permitting laws—the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA/Superfund), Superfund Amendments and Reauthorization Act (SARA), corresponding Applicable or Relevant and Appropriate Requirements (ARARs) for EPA's remedial actions, the Resource Conservation and Recovery Act (RCRA) with respect to development of a Non-Coal Mining Waste Program, and their corresponding relationship to the Montana Metal Mine Reclamation Act, the Montana Environmental Policy Act and Abandoned Mine Lands Program. The modification will be 100% federally funded and the total cost is \$31,449 in FY90 and \$30,711 in FY91.

Cost-Effective Reorganization - Through this modification, the AML Reclamation Program would save about \$100,000 annually in expenses by hiring 2.00 FTE engineers, 1.00 FTE reclamation specialist and 1.00 FTE seasonal aggregate assistant to be responsible for the inventory, design and administration of hazardous mine opening reclamation projects. Experience has shown that these projects are not being completed economically through contracted services because often the cost of project administration is nearly equal to the cost of reclamation. The amount of money saved through the reduction in administrative costs will be used for actual reclamation construction. The modification is 100% federal reclamation grants. The cost is \$201,265 in FY90 and \$147,103 in FY91.

United States Geological Survey/Office of Surface Mining Data Base - This modification continues for FY90 the federal pass through grant, previously approved in FY88 and FY89 budget amendments, being used to study the hydrological effects of coal mining. This third and final phase of the three-year study is budgeted for \$90,000 in FY90 only and is 100% federal funds.

**LAND ADMINISTRATION PGM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	18.62	18.62	20.62	20.62
Personal Services	443,914.04	441,995	489,908	490,933
Operating Expenses	84,385.07	108,832	131,030	131,383
Equipment	16,207.00	16,408	56,295	18,500
Total Program Costs	\$544,506.11	\$567,235	\$677,233	\$640,816
General Fund	544,506.11	567,235	677,233	640,816
Total Funding Costs	\$544,506.11	\$567,235	\$677,233	\$640,816
Current Level Services	544,506.11	567,235	599,600	587,879
Modified Level Services	0.00	0	77,633	52,937
Total Service Costs	\$544,506.11	\$567,235	\$677,233	\$640,816

Program Description

Land Administration Program staff are responsible for the leasing of surface and mineral resources for the benefit of common school and other endowment funds. This program covers the appraisal and reclassification of all state lands to obtain the greatest revenue for the trust funds commensurate with the preservation of the resource. This program includes the Land Management Bureau, Surface Leasing Bureau, and Mineral Leasing Bureau.

Budget Issues

The Lands Division is responsible for approximately 6.1 million acres of mineral trust land and 4.5 million acres of grazing and agricultural surface land, comprising about 13,700 lease agreements.

Both the 18.62 FTE and personal services costs are continued at current level from the 1989 biennium through the 1991 biennium. Vacancy savings is at 2%.

The majority of operating expenses are budgeted at current level with inflation. The following specific adjustments are recommended: (1) \$10,297 more in contracted services, with \$8,066 for land photo edging and for contracting with the Soil Conservation Service on their already-scheduled flights to update 20-plus year old aerial photos, which are important for such tasks as recording land use in the federal farm programs and tracking noxious weed control plans; \$69 more for the secretarial contract and \$14 more for the janitorial contract at the Conrad Land Office; \$1,376 more for operating the land management system at field offices; \$450 more for computer support and \$322 more for photographs to provide reports on land management; (2) \$18,617 more than the FY88 actual of \$1,383 to continue the program of noxious weed control on unleased lands adopted during the 1987 session; (3) \$5,302 more in communications for dedi-

cated telephone linkage from the area offices in Miles City, Billings and Lewistown to the Helena computer for access to the Trust Land Management System; and (4) \$5,480 more to pay for office and storage rent increases in Miles City, Glasgow and Lewistown.

Equipment for current-level operations is budgeted at \$31,500 for FY90 and includes \$27,500 to replace a large high-mileage truck and \$4,000 for computer upgrades and work stations. Equipment for FY91 is \$14,500 to replace another field office truck and \$4,000 for multi-user computer needs.

Funding is 100% general fund.

Modification Request

Mineral Accountant - The purpose of this modification is to enable review of current production and reporting information being submitted by producing oil and gas and mining leases in order to ensure that the trust is receiving the correct royalties due. Royalty reviews follow-up is currently not being accomplished. An accountant would enable the department to work with the auditor and, once an audit is completed, to verify that all changes required in a lease have been made. One FTE Accountant I, grade 12, is requested with 100% general fund. The cost is \$27,081 in FY90 and \$22,833 in FY91.

Geologist - The Lands Division is requesting a geologist to help inspect producing leases, conduct field evaluations to follow-up on royalty audits and assist with metalliferous mineral evaluations, land exchange proposals, land ownership questions in navigable rivers and technical testimony. One FTE Geologist II, grade 13, is requested with 100% general fund. The start-up cost of \$50,552 in FY90 includes a truck and personal computer; the ongoing cost of \$30,104 in FY91 is for personal services and operating expenses.

RESOURCE DEVELOPMENT PGM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	193,601.35	180,310	196,544	196,949
Operating Expenses	35,243.26	35,123	35,433	36,103
Equipment	0.00	0	3,500	600
Capital Outlay	5,749.33	78,000	45,000	45,000
Total Program Costs	\$234,593.94	\$293,433	\$280,477	\$278,652
State Special Revenue Fund	234,593.94	293,433	280,477	278,652
Total Funding Costs	\$234,593.94	\$293,433	\$280,477	\$278,652
Current Level Services	234,593.94	293,433	280,477	278,652
Total Service Costs	\$234,593.94	\$293,433	\$280,477	\$278,652

Program Description

Resource Development Program staff are responsible for developing and improving state lands to increase revenue for the trust funds and for restoring and preserving state land resources according to the policy delineated in Section 77-1-601, MCA. This program is assigned to the Lands Division.

Budget Issues

The Resource Development Program provides state lands investment activities within the Lands Division in order to derive the highest and best possible use of state lands for the benefit of the school trust. Some of the projects undertaken relate to range renovation, irrigation and title perfection.

The 7.00 FTE and compensation levels remain constant from the FY88 base and the vacancy savings rate is 2% for the 1991 biennium.

Operating expenses are budgeted at current level with inflation, plus small adjustments for data processing supplies and rent. The total operating increase from FY88 is \$190 for FY90 and \$860 for FY91.

Equipment for FY90 is a single-user computer linked to the land management system at a cost of \$3,500 and for FY91 is computer software and upgrades at a cost of \$600. Capital outlay for resource development projects designed to increase revenue generation from state lands was \$5,749 in FY88, is authorized at \$78,000 for FY89, and is budgeted at \$45,000 in FY90 and in FY91.

Funding is 100% state special revenue resource development fund, which is derived from up to 2.5% of the interest and income fund and other land grant earnings, with the percentage being determined by the Board of Land Commissioners pursuant to 77-1-601 et seq, MCA.

FORESTRY Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	216.61	224.26	226.88	233.01
Personal Services	5,747,157.93	4,669,163	5,384,697	5,518,139
Operating Expenses	3,117,914.90	13,176,144	2,900,400	2,801,362
Equipment	442,184.65	337,073	589,229	392,813
Total Program Costs	\$9,307,257.48	\$18,182,380	\$8,874,326	\$8,712,314
General Fund	6,470,983.83	3,781,180	5,338,028	5,228,324
State Special Revenue Fund	1,135,288.64	12,724,677	1,886,256	1,847,367
Federal & Other Spec Rev Fund	1,697,376.04	1,676,523	1,650,042	1,636,623
Capital Projects Fund	3,608.97	0	0	0
Total Funding Costs	\$9,307,257.48	\$18,182,380	\$8,874,326	\$8,712,314
Current Level Services	7,979,940.84	6,695,494	8,202,824	8,125,799
Modified Level Services	1,327,316.64	11,486,886	671,502	586,515
Total Service Costs	\$9,307,257.48	\$18,182,380	\$8,874,326	\$8,712,314

Program Description

The Forestry Program is administered by the Forestry Division in Missoula. The major purposes of the program are to

manage state-owned forest lands held in trust for the support of education, to protect the state's forest and non-forest watershed lands from wildfire, and to provide technical for-

estry assistance to private landowners, businesses, and communities. Program services include:

Fire Management: Provide economically efficient wildfire protection to 60 million acres of state and privately owned forest and watershed lands, through aggressive prevention, suppression, and county assistance programs.

Forest Management: Manage state forest land to : (1) provide income to the various school trusts through the sale of forest products and the licensing of various special uses; (2) enhance long-term productivity; and (3) provide for other resource values, such as soil, water, and wildlife.

Brush Disposal: Provide for fire hazard reduction and associated site preparation on state forest land following Forest Management Program activities.

Timber Stand Improvement (TSI): Conduct activities such as planting, seeding, thinning, tree improvement, seed collection, and seedling production that improve the composition, condition, or growth of trees on state forest lands.

Tree Nursery: Grow, sell, and distribute tree seedlings and shrubs for conservation plantings on state and private lands, such as for shelterbelts, windbreaks, wildlife habitat improvement, reclamation, and reforestation.

Administration of the Fire Hazard Reduction and Management (Slash) Law: Assure that the fire hazard created by logging and other forest management operations on private forest land is adequately reduced, or that additional protection is provided until the fire hazard is reduced to an acceptable level.

Other Services: Provide the following professional and technical services to Montana residents, businesses, and communities:

- Advise and assist private forest landowners and operators in improving forest productivity, preventing erosion, and improving the utilization of forest resources; and assist rural and urban communities with their community forestry problems.
- Advise and assist loggers, primary and secondary wood products processors, and others in improving the utilization of wood products produced from the forests.
- In cooperation with the federal government and private landowners, conduct studies and adopt measures necessary to prevent and suppress outbreaks of forest insect pests and tree diseases.
- In cooperation with the Department of Institutions, assist in the development of work skills of residents of the Swan River Forest Camp by providing training in forestry work, carpentry, and automotive mechanics, while at the same time accomplishing needed forestry work.

Budget Issues

When reviewing the Forestry Division budget, it is important to keep in mind that FY88 includes actual expenditures of \$1,321,237 for the fire supplemental. Current-level expenditures, when the fire supplemental is taken out, equal \$7,986,020 and current level general fund is \$5,149,747.

The personal services budget includes salaries and benefits for permanent employees working in the forestry programs and for seasonal, temporary employees hired to work in fire

suppression, hazard reduction, timber stand improvement and the nursery. From the FY88 level of 216.61 FTE, there is an increase to 224.26 FTE in FY89, with 221.26 FTE authorized by the last legislature for assumption of the third block for forest fire protection from the forest service and 3.00 FTE added through FY89 budget amendment and operations changes.

For FY88, the legislature deleted 2.00 FTE centralized services personnel from the Forestry Division budget. Also, in FY88 the functional reorganization and consolidation of support functions within the department was accomplished in accord with HB2. After it was determined that the reorganization was effective, personnel transfers were made for FY90 budgeting purposes, resulting in 0.50 FTE being transferred from the Helena office to forestry in Missoula and 10.50 FTE from forestry being included in the Central Management Program budget. This is a 10.00 FTE net reduction in forestry staff and accounts for the current-level decrease from 221.26 FTE in FY89 to the agency's request for 211.26 FTE in the 1991 current-level biennium budget.

There will be 226.88 FTE in FY90 and 233.01 FTE in FY91 if current level and all recommended budget modifications are approved. The vacancy savings rate is 2% for the 1991 biennium current- and modified-level budgets.

Excluding the FY88 fire supplemental, operating expenses increase from a FY88 base of \$2,447,985 to a FY90 current-level budget of \$2,801,065 and a combined current/modified-level budget of \$2,900,309. This current-level increase is due primarily to more heavy equipment rental in brush and TSI. There is an operating expense decrease of \$99,038 from FY90 to FY91 due primarily to reductions in contracted services and supplies. Program budgets are broken out later below.

Current-level equipment is \$353,500 each year of the 1991 biennium in accord with the 5% cuts taken by the department in the June 1987 Special Session and adopted by the legislature, and a \$100,000 per year current-level reduction recommended as a result of decreasing federal revenue available in the Fire Management Program combined with the extraordinary general fund supplemental required in FY89. Recommended modifications bring the total equipment budget to \$589,229 in FY90 and \$392,813 in FY91, which is 33% less than the division requested for replacement items. Division equipment is for forestry management, direct fire suppression and fire protection in all cooperating counties.

Funding sources, including general fund, state special revenue and federal revenue, are considered by program below. For the Forestry Division as a whole, general fund for the current-level budget—without the fire suppression supplemental—decreases from \$5,149,747 in FY88 to \$4,929,132 in FY90 and to \$4,848,810 in FY91. With the modifications, general fund increases over FY88 current level by 3.6% in FY90 and by 1.5% in FY91.

Because of the cooperative mutual-aid agreements between the Department of State Lands, the U. S. Forest Service and other federal agencies, it is recommended that the general appropriations act include language stating that the department has authority to increase appropriations by the amount of federal rebate received for FTE and expenses from loaning personnel to federal agencies to assist in fire-fighting.

It is further recommended that the general appropriations act include the following: The department has language appropriation authority for the funds necessary to pay for fire suppression costs. The department may increase its

appropriation after approval of the budget office and review by the Legislative Finance Committee.

The following is a summary of the recommended current-level program budgets in the Forestry Division for the 1991 biennium, which are described at the end of Table 1.

Department of State Lands Table 1
Forestry Division FY90 and FY91 Current-Level Program Budgets

	FY90	FY91
Fire Management		
FTE	101.82	101.82
Personal Services	\$2,239,556	\$2,245,898
Operating	911,651	818,197
Equipment	160,859	199,450
Total	\$3,312,066	\$3,263,545
Funding Sources: Federal revenue; balance general fund		
Brush Disposal		
FTE	8.72	8.72
Personal Services	\$187,347	\$188,043
Operating	563,021	568,286
Equipment	10,180	14,680
Total	\$760,548	\$771,009
Funding Source: 100% state special revenue brush disposal		
Timber Stand Improvement (TSI)		
FTE	12.31	12.31
Personal Services	\$264,168	\$264,889
Operating	406,640	405,544
Equipment	21,000	11,800
Total	\$691,808	\$682,233
Funding Source: 100% state special revenue TSI		
Tree Nursery		
FTE	9.93	9.93
Personal Services	\$197,938	\$198,541
Operating	93,607	94,983
Equipment	22,650	21,000
Total	\$314,195	\$314,524
Funding Source: State special revenue nursery income, federal revenue and general fund		
Slash Program		
FTE	8.02	8.02
Personal Services	\$186,557	\$186,947
Operating	10,961	11,059
Equipment	0	0
Total	\$197,518	\$198,006
Funding Source: State special revenue slash disposal; general fund		
Other Forestry Services		
FTE	20.42	20.42
Personal Services	\$621,085	\$623,027
Operating	623,222	618,499
Equipment	69,059	50,320
Total	\$1,313,366	\$1,291,846
Funding Source: General fund; federal coop forest management		
Forest Management		
FTE	50.04	50.04
Personal Services	\$1,351,608	\$1,355,402
Operating	191,963	192,984
Equipment	69,752	56,250
Total	\$1,613,323	\$1,604,636
Funding Source: 100% general fund		

Fire Management - In FY90-91 the Clark-McNary appropriation in this program is being reduced from FY88 actual by \$130,932 and \$130,026 respectively. In order to maintain approximately the same general fund funding ratio as FY88, after allowing for inflation, the recommendation is to reduce equipment by \$100,000 each year of the 1991 biennium. The 101.82 FTE include forester supervisors, foresters, forestry workers, resource program managers, office managers, field technicians, machinists, mechanics and other support personnel for the Missoula office and for the Northwestern, Southwestern, Central, Southern and Eastern Land Offices. Personal services costs are budgeted at current level.

Operating expenses decrease from FY88 current level by 6.8% in FY90 and by 16.4% in FY91. Moreover, the FY89 budget is \$235,656 higher than the FY88 base on which these percentages are calculated due to assumption of Block 3 in FY89. There are two significant decreases: (1) contracted services - down by \$59,558 in FY90 and \$171,090 in FY91, with \$57,495 of the FY90 decrease directly attributable to reduced fire protection payments to the forest service and FY91 actually increasing by \$2,935 after adjustment for the federal fire protection payments; and (2) supplies and materials - down by \$10,000 in FY90 shop supplies and at current level in FY91.

Equipment decreases from FY88 current level by 48% in FY90 and by 35.6% in FY91. The total Forestry Division recommended equipment budget is \$100,000 less each year than the reductions agreed upon during 5% cut decision made during the last special session.

General fund increases from \$1,848,452 in FY88 to \$1,901,501 in FY90 and \$1,852,074 in FY91. The Clark-McNary appropriation decreases from \$1,541,497 in FY88 to \$1,410,565 in FY90 and \$1,411,471 in FY91.

Brush Disposal - FTE do not change and personal services costs increase due to vacancy savings in FY88, overtime budgeted for nonexempt employees when they are burning and the cost of benefits. If revenues from timber sales are down, there may not be, for a time, sufficient earmarked revenue to hire all the seasonal FTE budgeted and this leads to vacancy savings, even though there may be no vacancy savings for permanent employees.

Operating expenses increase 85% primarily due to \$218,066 more each year for rental of heavy equipment used in reducing fire hazards created by logging. This must be accomplished within 18 months according to current law and the increased harvest, which generates more revenue, expands operating expenses.

All recommended equipment is for the Northwestern Area Land Office and includes \$1,680 for chain saws each year, \$4,000 to replace an old 4x4 all-terrain vehicle with trailer, \$13,000 to replace a ¾ ton truck and \$4,500 for a personal computer with printer to replace a typewriter. Funding is 100% state special revenue brush disposal funds.

Timber Stand Improvement - FTE do not change and personal services increase due to seasonal vacancy savings—as described above under brush—, the cost of longevity and benefits and overtime budgeted for tree planting and thinning. Operating expenses increase about 53% due to adjustments in contracted services for site preparation, cull tree removals, reforestation of harvested or burned areas and tree thinning to improve growth and quality of trees.

being grown for harvest on state trust lands. There is an increased timber harvest and additional revenue being collected for this purpose.

Equipment is as follows: for the Northwestern Land Office, \$2,800 for chainsaws and \$6,600 for a refrigeration unit to store seedlings under controlled temperature and moisture limits and to store perishables during the fire season; for the Southwestern Land Office, \$5,400 for chainsaws and \$5,000 for a personal computer with printer and graphics digitizer for calculating survey information; and for the Central Land Office, \$13,000 to replace a 4x4 ¾ ton truck.

Funding is 100% state special revenue timber stand improvement funds.

Tree Nursery - FTE do not change and personal services increase as a result of the seasonal vacancy savings and other factors described above. Operating expenses are budgeted at current level with inflation, which is consistent with the production of seedlings by the nursery.

Table 2 below shows that in FY88 691,595 seedlings from the nursery were sold, 330,480 were used in the Timber Stand Improvement Program and 310,000 were sold through the Conservation Reserve Program(CRP), for total production of 1,332,075 seedlings. Table 2 further indicates that seedlings for the CRP are to increase by nearly 22,000 from FY88 to FY90— related to the modification requested by the Department of Fish, Wildlife and Parks and summarized below—and that overall production is expected to remain stable with an increase of less than .5% over FY88.

Department of State Lands Table 2
Forestry Division Nursery Production
Fiscal 1984 Through Fiscal 1991 Projections

Year	Seedlings Sold	Seedlings TSI Program	Seedlings CRP Program	TOTAL Production
1984	672,650	377,225		1,049,875
1985	653,175	230,875		884,050
1986	586,150	399,850		986,000
1987	629,000	287,500	142,000	1,058,500
1988	691,595	330,480	310,000	1,332,075
1989	680,967	325,186	331,884	1,338,037
1990	680,967	325,186	331,884	1,338,037
1991	680,967	325,186	331,884	1,338,037

Equipment for the 1991 biennium totals \$43,650 with the two largest items being a freezer/cooler budgeted at \$21,000 and a cone dryer at \$8,250. Funding is general fund of \$130,435 in FY90 and of \$130,764 in FY91; state special revenue nursery funds of \$175,000 each year; and federal cooperative forestry management funds of \$8,760 each year.

Table 3 below shows the income which has been generated by the nursery from sale of seedlings beginning with \$101,676 in FY84 and ending with projections of \$195,000 per year in the 1991 biennium. The current-level recommended budget utilizes \$175,000 of this earmarked revenue each year and the budget modification recommended below includes \$25,000 per year.

Department of State Lands Table 3
Forestry Division Nursery Income
Fiscal 1984 Through Fiscal 1991 Projections

Year	Income Stock Sold	Income CRP Program	TOTAL Income
1984	\$101,676	\$0	\$101,676
1985	108,933	0	108,933
1986	102,570	20,000	122,570
1987	138,551	0	138,551
1988	147,263	46,703	193,966
1989	145,000	50,000	195,000
1990	145,000	50,000	195,000
1991	\$145,000	\$50,000	\$195,000

The state special revenue nursery fund is among those accounting entities being recommended by the Department of Administration to be transferred to the general fund effective July 1, 1989, pursuant to 17-2-111, MCA. The fund balance at the end of FY88 is projected to be \$88,042. Two points are noteworthy. First, this would eliminate the 1991 biennium special revenue appropriation and replace it with a like amount of general fund. Second, the department has been planning since 1984 to gradually increase the cash in this account until such time as the balance would enable needed capital improvements to the tree nursery. The following priority projects to use these earmarked funds are now before the Long-Range Building Committee: Nursery shop building, \$101,000; nursery storage building, \$22,000; and freezer/cooler unit, \$24,000.

Slash Program - FTE remain constant and personal services increase due to the same reasons discussed above for the other seasonal programs. Operating expenses are budgeted below current level.

General fund requirements decrease by nearly 19% to \$112,518 in FY90 and to \$112,681 in FY91. State special revenue slash disposal funds increase by nearly 92% to \$85,000 in FY90 and to \$85,325 in FY91.

Other Forestry Services - There is a decrease of 10.00 FTE as a result of departmental general services consolidation in accord with HB2. Personal services decrease accordingly by approximately 29% from FY88 to FY90.

Operating expenses are primarily budgeted at current level with inflation and increase by 4% from FY88 to FY90 and by 3.2% from FY88 to FY91. The following significant adjustments are included: \$14,900 in new contracted services for federal community pass-through funds to be matched by Montana's cities and towns and used for such tasks as street and park tree inventories; \$3,600 more for a leased line with the Helena mainframe computer for the forestry, Northwest, Southwest and Central Land Offices; a one-time FY90 adjustment of \$11,837 to expand the local area network among the forestry buildings, as approved by the Department of Administration; \$14,400 per year to replace the photocopier that has made over four million copies; \$5,000 per year to replace the Northwest Area Land Office telephone system; and a \$50,000 decrease in aircraft repair and maintenance made by the department as part of its effort to hold down general fund costs.

The equipment budget decreases from FY88 by 4.9% in FY90 and by 37.6% in FY91 in accord with prior 5% reductions. Equipment includes a mower for the grounds, chainsaws, one vehicle for the Northwest and one for the Southwest offices, three vehicles for forestry services, video

camera for training, office work stations, radial armsaw for the Northwest office, desktop publishing, a laser printer, computer upgrades and software.

General fund for the current-level budget decreases from \$1,404,344 in FY88 to \$1,171,355 in FY90 and to \$1,148,655 in FY91. Federal cooperative forestry management funds increase from a FY88 level of \$140,694 to \$142,011 in FY90 and \$143,191 in FY91.

Forest Management - FTE remain constant, but there is a reduction of nearly \$75,000 per year in personal services costs due to more accurate time-management accounting and to intra-division movement of cross-trained personnel. A forester, for example, will work both in forest management and in fire management, and the amount of time spent in each will vary depending upon the needs and priorities of the department, resulting in decreased timber personal services costs when there is a heavy fire season.

Operating expenses are budgeted at current level with inflation. The increase is less than \$900 from FY88 to FY90.

Equipment includes vehicles for the Northwest, Southwest and Central Land Offices and for the Forestry Management Program office in Missoula; mobile multi-channel radios, a photocopy machine for the southwest office, an electronic data recorder and two computers for the northwest office.

Prior to the 1985 session, the department harvested and sold approximately 25 million board feet (MMBF) of timber per year. The 1985 Legislature approved an approximate doubling of the harvest and funded the increase from the resource development account. The 1987 Legislature appropriated general fund of \$236,000 in FY88 and \$237,656 in FY89 to continue the expanded timber sale. These sale activities are ongoing in the 1991 biennium.

Table 4 below summarizes the volume and value of harvested timber from fiscal 1982 through the 1991 projections. These figures differ from the ones presented during the last session for two reasons: (1) methods of identifying actual amounts harvested before FY85 were not uniform from year to year and are now standardized; and (2) the values used previously were for timber sale income deposited in the various nondistributable trusts. Values previously did not include distributable income deposited in the public buildings account. In addition, advance stumpage payment requirements result in a difference between the value of harvested stumpage and the amount deposited in the trust account during a given fiscal year. To compensate for these factors, internal income accounting records were used that match the harvest volume figures presented in Table 4.

Because sale contracts are for up to a three-year period, the increased value of harvested timber resulting from decisions made during the 1985 session shows up in FY87, FY88 and FY89. Likewise, most of the revenue from the expanded FY88 sales will be deposited to the school trust funds in the 1991 biennium. In addition to generating more income for schools, the expanded sales also provide employment for loggers, truckers and forestry personnel whose salaries turn around in the state economy.

Department of State Lands Table 4
Forestry Division Harvested Timber
Fiscal 1982 - Fiscal 1991 Projections

Fiscal Year	Volume Harvested (M Board Feet)	Value Harvested
1982	23,906	\$2,159,178
1983	28,867	\$2,269,504
1984	21,049	\$1,659,876
1985	28,549	\$2,119,183
1986	20,984	\$1,463,870
1987	40,623	\$2,633,315
1988	55,800	\$3,735,546
1989	40,326	\$3,809,935
1990	44,972	\$4,609,630
1991	48,712	\$4,992,980

Note: Harvest values do not exactly correspond to SBAS trust amounts due to deposits remaining in holding accounts at year end. Harvest values are from Forestry Division records.

Modification Request

Block 4 U. S. Forest Service Contract Reduction - The department requests a continuation of the U. S. Forest Service fire protection contract reduction, as recommended by the last Legislative Interim Study Committee on Forestry and Fire. The acres assumed and the costs each year are summarized in Table 5 below. Block 1 was approved and went into effect July 1, 1984. Block 2 was approved and went into effect July 1, 1986. Block 3 was approved and protection was assumed by the department on July 1, 1988. It is recommended that the state reduce the acreage of fire protection currently contracted with the U. S. Forest Service and establish fire protection on approximately 638,000 acres of land using Department of State Lands resources for Block 4. The majority of this exchange is in the Dillon area and, upon completion, there would be about 41,977 acres statewide remaining to be offset between the state and forest service.

Department of State Lands Table 5
Forestry Division Fire Block Program
Fiscal 1984 Through Fiscal 1991

Block Number	Acres Assumed	First Year Costs	(Year)	Second Year Costs	(Year)
1	355,911	\$292,404	(FY84)	\$292,201	(FY85)
2	395,115	197,299	(FY85)	182,560	(FY86)
3	413,492	264,520	(FY88)	235,656	(FY89)
4	637,652	329,472	(FY90)	300,570	(FY91)

Remaining acres of imbalance = 41,977 statewide

Historically, in the interest of efficiency, the wildfire responsibilities shared between the U. S. Forest Service and the State of Montana have been split along logical boundaries rather than ownership lines. The forest service was protecting 1.9 million more acres of state and private land than the state was protecting forest service land. The forest service protected this excess acreage for the 16 cents assessed the

landowner, until, in 1982, the forest service notified the state that it would begin to charge the full cost of protection, which at that time was estimated at 66 cents per acre. However, the U. S. Forest Service agreed to continue charging 16 cents per acre if the state would enter into a ten-year program to equalize the acres protected. After analyzing the cost, it was shown to be less expensive for the state to assume protection responsibilities and this led to legislative action on the incremental blocks in 1983, 1985 and 1987.

This 1989 budget modification for Block 4 adds 6.62 FTE in FY90 and 12.25 FTE in FY91 at a personal services cost of \$133,960 and \$240,858 respectively. Operating expenses are \$52,016 in FY90 and \$53,712 in FY91. Fire protection equipment is \$143,496 in FY90 and \$6,000 in FY91 with a Dillon field office and a Lima initial attack station to be established. Total general fund cost is \$329,472 in FY90 and \$300,570 in FY91. This is offset by a current-level general fund reduction in protection payments to the forest service of \$57,495 in FY90 and \$174,025 in FY91. If this modification is not approved, this general fund offset, plus an increased amount for the federal per-acre rate change, will have to be added back into the current-level fire program budget.

Hazard Reduction Agreements and Inspections - As a result of increased dependence on private timber to supply Montana's wood products industry, more harvesting is taking place on private lands. This has created a 30% increase in the administration, inspection and enforcement workload. The result is a need for additional personnel to administer the state Fire Hazard Reduction or Management Law which requires slash agreements and inspections. Four FTE foresters are requested with 100% state special revenue slash disposal funding. The cost is \$134,000 in FY90 and \$93,900 in FY91. In the future, if the workload and earmarked revenue decrease, the department will cut back accordingly.

Wildlife Support USDA Contract - The Forestry Division reduced the FY90 and the FY91 current-level budget in contracted services by \$15,000 each year to offset the \$14,900 of general fund requested in this modification to match \$14,900 from the Department of Fish, Wildlife and Parks for the purpose of hiring a Fisheries and Wildlife Biologist. The two departments have and will continue to work cooperatively together to ensure that wildlife standards and legal responsibilities are met on state lands. One FTE wildlife biologist and operating expenses are requested with 50% general fund of \$14,900 each year matched with \$14,900 of state special revenue from fish, wildlife and parks. The total cost is \$29,800 per year.

State Land Water Quality Cumulative Effects Cooperative - This modification is to add 1.00 FTE forest hydrologist and 1.00 FTE soils/hydrology technician to handle the increased workload in water quality and soils monitoring which has resulted from the growth of the Cumulative Effects Cooperative over the last three years. These personnel will provide for effective management of the cooperative, ensure timely reviews and mitigation recommendations for proposed land management activities and develop/maintain an accurate

and useful water quality and soils monitoring program to help meet the needs of various local and regional organizations such as the Flathead River Basin Commission and the Whitefish Sewer and Water District. Funding is 100% federal monies from the U. S. Forest Service and the cost is \$46,190 in FY90 and \$46,188 in FY91.

CRP Wildlife Seedlings, FWP Request - The Department of Fish, Wildlife and Parks has again requested that the department provide trees and shrubs for the purpose of improving wildlife habitat on private lands through the federal Conservation Reserve Program (CRP). FWP will purchase these trees and shrubs from the forestry nursery for planting on qualified private lands. State lands requested and received a budget amendment of \$25,000 per year for the 1989 biennium for this purpose. In order to continue the program, 0.50 FTE for the seasonal workload and an additional \$25,000 spending authority are requested each year of the 1991 biennium. Funding is 100% state special revenue from the Department of Fish, Wildlife and Parks.

Prescribed Fire Range Improvement - This modification proposes to utilize an Agriculture Conservation Program Special Prescribed Fire Rangeland Improvement Practice with the Montana Agriculture Conservation and Stabilization Service (ASCS) to improve rangeland and wildlife habitat. Federal funds would provide 100% of the support required for this two-year pilot program which would require 1.00 FTE fire specialist and operating expenses for a total cost of \$42,516 in FY90 and \$27,013 in FY91.

State-County Cooperative Fire Program for Western Montana - The state has entered into cooperative fire protection agreements with 46 eastern Montana counties. This program was initiated in 1967 and was brought to its present level with the addition of 11 counties by the 1985 Legislature. The department is requesting that the legislature approve expanding the State-County Cooperative Fire Program to allow Deer Lodge, Flathead and Ravalli Counties to enter into cooperative fire control agreements with the state. The Department of State Lands directly protects about 4.9 million acres and just over 44 million acres through the 46 counties. Cooperative Fire Control Agreements specify the general duties and responsibilities of each agency in fire protection and cooperation. The state provides wildland fire training and equipment to these counties. The county, state and federal agencies provide mutual aid on an as-needed basis for suppression. This cooperative effort is even more evident in areas of mingled federal, state and county protection, as found in the ten counties which remain outside the program. In these ten western counties, the wildfire situation is more complex and potentially life threatening because of the number of homes and subdivisions in forested areas.

The modification requests an additional fire specialist, phased in at 0.50 FTE in FY90 and at 1.00 FTE in FY91, plus funds for operating expenses and for supplies and fire suppression equipment for the counties. The program is 100% general fund supported and would cost \$64,524 in FY90 and \$64,044 in FY91.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	115.71	115.71	115.71	117.71
Personal Services	2,945,624.86	3,211,639	3,140,656	3,181,253
Operating Expenses	1,008,598.24	1,068,549	1,104,292	1,155,856
Equipment	168,274.25	137,544	177,115	177,798
Benefits and Claims	0.00	2,000	0	0
Total Agency Costs	\$4,122,497.35	\$4,419,732	\$4,422,063	\$4,514,907
General Fund	719,092.64	747,162	756,908	746,497
State Special Revenue Fund	3,350,498.90	3,440,670	3,479,145	3,582,189
Federal & Other Spec Rev Fund	52,905.81	231,900	186,010	186,221
Total Funding Costs	\$4,122,497.35	\$4,419,732	\$4,422,063	\$4,514,907
Current Level Services	4,122,497.35	4,419,732	4,307,212	4,344,059
Modified Level Services	0.00	0	114,851	170,848
Total Service Costs	\$4,122,497.35	\$4,419,732	\$4,422,063	\$4,514,907

Agency Description

The Department of Livestock was established to provide state responsibility for the control and eradication of animal diseases, the prevention of the transmission of animal disease to humans, and for the protection of the livestock industry from theft and predatory animals.

The Department of Livestock is provided for in Section 2-15-3101, MCA. The department is organized into five major divisions: Animal Health Division, Centralized Services Division, Brands Enforcement Division, Diagnostic Laboratory Division, and Meat-Milk & Egg Inspection Division.

Budget Issues

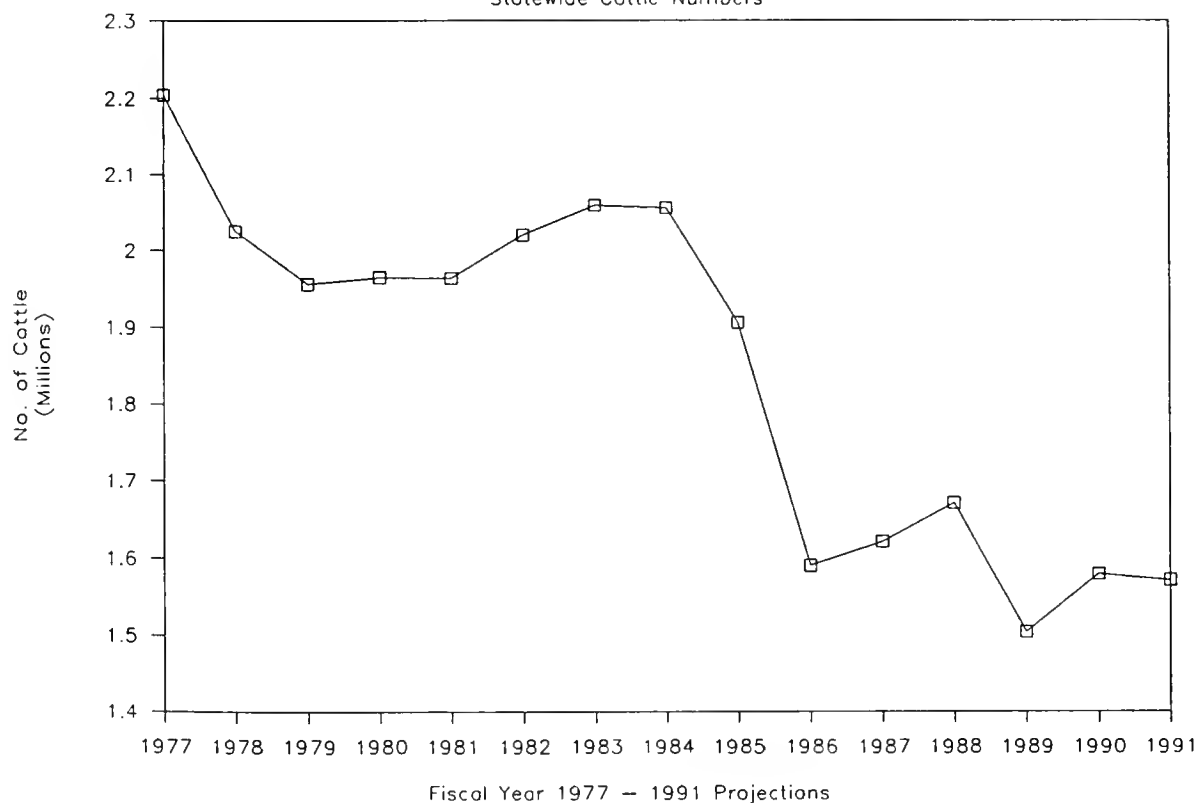
During the 1989 biennium, the Department of Livestock received more than \$2 million of state special revenue each year from the livestock per capita tax levy, 89% of which was derived from cattle, with the balance coming from the levy on horses, sheep, swine, etc. Table 1 and Graph 1 below show a 12-year history of actual cattle numbers, from a high of 2,203,899 in 1977 to a head count of 1,671,476 in 1988. The impact of the '85 drought is visible and further decreases of more than 100,000 head are projected in 1989 as a result of the '88 drought. Sufficient moisture in the spring of 1989 could lead to a more rapid restoration of cattle herds than is shown here.

Department of Livestock Table 1
Statewide Cattle Numbers
Fiscal 1977 Through Fiscal 1991 Projections

Year	No. of Cattle
1977	2,203,899
1978	2,025,249
1979	1,955,790
1980	1,964,662
1981	1,964,016
1982	2,020,414
1983	2,059,874
1984	2,056,336
1985	1,905,546
1986	1,590,592
1987	1,621,814
1988	1,671,476
1989	1,504,328
1990	1,579,545
1991	1,571,476
Average	1,846,334

Department of Livestock

Statewide Cattle Numbers



A second statewide livestock issue is the district court decision in May, 1988, by Judge Thomas McKittrick, that the 4% tax on livestock inventories is "arbitrary and unreason-

able" and should have been included in the business inventories that the 1981 Legislature exempted from such taxes. An appeal is pending.

CENTRALIZED SERVICES PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	8.00	8.00	9.00	9.00
Personal Services	266,115.37	273,000	279,848	280,382
Operating Expenses	147,885.05	126,370	156,220	137,500
Equipment	5,442.21	0	3,935	14,725
Total Program Costs	\$419,442.63	\$399,370	\$440,003	\$432,607
General Fund	58,978.52	54,659	81,795	79,752
State Special Revenue Fund	360,464.11	344,711	341,598	336,234
Federal & Other Spec Rcv Fund	0.00	0	16,610	16,621
Total Funding Costs	\$419,442.63	\$399,370	\$440,003	\$432,607
Current Level Services	419,442.63	399,370	423,393	415,986
Modified Level Services	0.00	0	16,610	16,621
Total Service Costs	\$419,442.63	\$399,370	\$440,003	\$432,607

Program Description

The Centralized Services Division staff are responsible for the accounting, budgeting, payroll, personnel, legal services, purchasing, administrative, data processing and general services functions for the Department of Livestock.

Budget Issues

The number of current-level FTE in centralized services does not change from the 1989 biennium and a 2% vacancy savings rate is used for the 1991 biennium.

Operating expenses are budgeted at current level with inflation. Costs increase for audit fees, on-line edit and entry for statewide accounting, rent, and computer maintenance and repair.

Equipment requested for FY90 is an office desk and chair and a personal computer for on-line accounting. In FY91 the executive secretary's car, which is used for law enforcement purposes, will be replaced due to high mileage. Bid by livestock through the state Highway Patrol Division, this

auto is budgeted at \$12,500 plus \$1,590 for a replacement radio. The remaining equipment for FY91 is \$635 for a desk and chair.

Current level funding for centralized services is determined by the proportion of state special revenue and general fund for all other agency programs. General fund increases because the new Meat and Poultry Inspection Program adds general fund to the agency and because state special revenue does not keep pace due to the drought. The state special revenue is 50% animal health and 50% inspection and control funds.

Modification Request

Workload Increase - This modification request results from federal reporting and accounting for new statewide meat inspection services being added to the workload. Since FY84 the staff in centralized services have been reduced from 9.50 FTE to 8.00 FTE while responsibilities have increased due to centralized billing and on-line edit and entry. One FTE accounting clerk II is requested with 100% federal funding. The cost is \$16,610 for FY90 and \$16,621 for FY91.

DIAGNOSTIC LABORATORY PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	18.00	18.00	19.00	19.00
Personal Services	522,374.78	501,214	539,149	540,564
Operating Expenses	184,457.96	171,272	211,441	214,646
Equipment	3,361.64	11,200	31,429	25,625
Total Program Costs	\$710,194.38	\$683,686	\$782,019	\$780,835
General Fund	305,491.38	305,330	305,388	305,388
State Special Revenue Fund	404,703.00	378,356	476,631	475,447
Total Funding Costs	\$710,194.38	\$683,686	\$782,019	\$780,835
Current Level Services	710,194.38	683,686	733,778	740,267
Modified Level Services	0.00	0	48,241	40,568
Total Service Costs	\$710,194.38	\$683,686	\$782,019	\$780,835

Program Description

The Diagnostic Laboratory Division's functions are to provide laboratory support for the Disease Control and Milk and Egg Bureaus; provide laboratory diagnostic support to veterinarians and livestock producers; protect the public health by testing dairy products and performing diagnostic tests on suspected rabies cases and other zoonotic diseases; and provide test services to enhance the marketability of livestock. Testing on wildlife and small animals is performed upon request.

Budget Issues

The number of current-level FTE in the Bozeman laboratory does not change from the 1989 biennium and no vacancy savings is applied for the 1991 biennium because there were no vacancies in FY88.

Operating expenses increase due to workload and inflation. Significant 1991 biennium cost increases include janitorial, testing and utility recharges by Montana State University, plus computer maintenance and repair.

In FY88 there were transfers of \$39,690 to the lab from other programs so there would be enough authority to meet increasing service requests. These transfers were left in the FY88 base.

Table 2 below shows a 560% increase in the laboratory workload from FY86 to FY91 in the five primary areas: regulatory milk tests, rabies, Dairy Herd Improvement Association samples and testing which began in FY88, serology (blood and fluids) and diagnostic tests. Because bubonic plague was diagnosed in an antelope fawn, over two hundred antelope blood samples were examined in FY88.

Department of Livestock Table 2
 Diagnostic Laboratory Workload Information
 Fiscal 1986 Through Fiscal 1991 Projections

Lab Tests	Actual FY86	Actual FY87	Actual FY88	Projected FY89	Projected FY90	Projected FY91
Milk	18,530	18,410	18,582	18,580	18,580	18,580
Rabies	1,519	1,124	1,536	1,550	1,550	1,550
Dairy Herd	0	0	173,577	173,600	173,700	173,700
Serology	5,409	5,173	5,705	5,750	5,775	5,790
Diagnostic	6,020	7,158	7,833	7,900	8,000	8,100
Total	31,478	31,865	207,233	207,380	207,605	207,720

Office equipment requested for FY90 is a copy machine and personal computer and for FY91, one transcription unit and computer networking. Laboratory equipment for FY90 totals \$18,489 as follows: replace 1973 autoclave, \$15,000; replace microhematocrit centrifuge, \$920; water bath for milk lab, \$900; gerber balance for butterfat analysis, \$169; and replace borrowed spectrophotometer, \$1,500. There are four replacement items of FY91 lab equipment: serology refrigerator, \$350; serology water bath, \$1,100; coulter counter, \$21,000; and virology water bath, \$600.

General fund remains essentially unchanged from the 1989 to the 1991 biennium; state special revenue increases due to fees for service generated by the rising workload.

Modification Request

Workload Increase - Due to the 560% service increase described above, this modification request is for an additional 0.50 FTE in clinical pathology and 0.50 FTE in serology with total personal services costs of \$24,871 in FY90 and \$24,888 in FY91. Modified operating expenses are \$16,300 in FY90 and \$15,680 in FY91. There is \$7,070 in FY90 equipment for a microplate reader and washer for more

rapid and cost-effective disease-testing procedures on sheep, swine, and cattle. Funding is 100% state special revenue

generated by the lab. The cost is \$48,241 for FY90 and \$40,568 for FY91.

DISEASE CONTROL PROGRAM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	11.50	11.50	11.50	11.50
Personal Services	322,663.95	373,405	369,097	369,378
Operating Expenses	79,054.68	76,847	97,722	98,249
Equipment	23,613.19	22,064	17,766	25,984
Benefits and Claims	0.00	2,000	0	0
Total Program Costs	\$425,331.82	\$474,316	\$484,585	\$493,611
State Special Revenue Fund	425,331.82	474,316	484,585	493,611
Total Funding Costs	\$425,331.82	\$474,316	\$484,585	\$493,611
Current Level Services	425,331.82	474,316	484,585	493,611
Total Service Costs	\$425,331.82	\$474,316	\$484,585	\$493,611

Program Description

The Disease Control Program's functions are to: provide for the diagnosis, prevention, control, and eradication of animal diseases and disorders; maintain a disease surveillance system; provide education and information on animal diseases and disorders to the livestock industry, the veterinary profession, and the public at large; conduct applied research into the causes, transmissibility and control of animal disease and disorders; enforce sanitary standards and inspect animals at livestock auction markets; monitor and enforce import-export requirements applied to livestock; and assist the Department of Health and Environmental Sciences in the control of animal diseases transmissible to man. The program is part of the Animal Health Division.

Budget Issues

There are no changes in FTE from the FY88 level for disease control and a 2% vacancy savings rate is used for the 1991 biennium. One district veterinarian was eliminated in

FY88 because the board concluded it could provide more responsive, economical services by contracting with resident deputy vets when and where in the state they were most needed.

Operating expenses are budgeted at current level with the only increases being payroll service fees and \$18,000 each year for the contract veterinarians described above.

Equipment includes replacement of three high-mileage pickup trucks during the biennium, desk and chair replacement, and a personal computer with printer for the program.

The FY89 budget includes \$2,000 for indemnity payments in the event of brucellosis in livestock. Because this is not budgeted for the 1991 biennium, it is recommended the general appropriations act include language that an outbreak would constitute an emergency for purposes of a budget amendment.

Funding is 100% animal health fees, fines and charges for services.

MILK & EGG PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	6.00	6.00	6.00	6.00
Personal Services	175,807.08	183,719	172,392	172,811
Operating Expenses	22,487.75	22,879	24,030	25,541
Equipment	11,937.95	18,562	21,991	11,475
Total Program Costs	\$210,232.78	\$225,160	\$218,413	\$209,827
General Fund	190,232.78	205,160	188,413	179,827
Federal & Other Spec Rev Fund	20,000.00	20,000	30,000	30,000
Total Funding Costs	\$210,232.78	\$225,160	\$218,413	\$209,827
Current Level Services	210,232.78	225,160	218,413	209,827
Total Service Costs	\$210,232.78	\$225,160	\$218,413	\$209,827

Program Description

The Milk and Egg Program's function is to insure that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. This function is accomplished through licensing, sampling, laboratory testing, and product and site inspecting done in cooperation with other state and federal agencies. The program supervises the enforcement of state and federal law. This program is operated within the Meat-Milk & Egg Inspection Division.

Budget Issues

The 1989 biennium 6.20 FTE authorized level was reduced to 6.00 FTE by the board for financial reasons and continued unchanged in the 1991 biennium. There is no vacancy savings rate applied based on the FY88 actual experience.

Operating expenses increase about 7% over the base year for the 1991 biennium due primarily to certification and training costs for employees and for the new bureau chief.

Equipment includes replacing three high-mileage pickup trucks, a desk and chair, pasteurizer testing device and an electronic milk-timing device.

During FY88 there was a \$4,500 transfer of authority from this program to the diagnostic laboratory and this was not restored to the base.

General fund decreases because the U. S. Department of Agriculture Shell Egg Surveillance Program funding is increasing from \$20,000 to \$25,000 annually and because an additional \$5,000 of the cash balance in this account is being used each year.

INSPECTION & CONTROL PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	59.21	59.21	59.21	61.21
Personal Services	1,524,425.22	1,617,134	1,498,770	1,536,133
Operating Expenses	280,741.99	265,148	312,868	376,190
Equipment	108,331.58	74,718	100,490	98,539
Total Program Costs	\$1,913,498.79	\$1,957,000	\$1,912,128	\$2,010,862
State Special Revenue Fund	1,913,498.79	1,957,000	1,912,128	2,010,862
Total Funding Costs	\$1,913,498.79	\$1,957,000	\$1,912,128	\$2,010,862
Current Level Services	1,913,498.79	1,957,000	1,862,128	1,897,203
Modified Level Services	0.00	0	50,000	113,659
Total Service Costs	\$1,913,498.79	\$1,957,000	\$1,912,128	\$2,010,862

Program Description

The Inspection and Control Program is part of the Brands Enforcement Division and its staff are responsible for theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of livestock security interests, dealer licensing, and hide and beef inspection.

Budget Issues

The Board of Livestock reduced authorized staff in FY88 by 9.90 FTE to the 59.21 FTE level recommended for the 1991 biennium. Vacancy savings is 1.95% based on FY88 experience in the program.

Operating expenses are recommended at current level with the following exceptions: decreases of approximately \$2,400 per year for relocation costs of brand inspectors moving

from one community to another; increases of about \$1,100 for computer repair and maintenance and about \$13,000 in contract services for autopsies in livestock death investigations and for data network access to brand and mortgage system files by terminals in livestock markets throughout the state.

Recommended current level equipment totals \$70,490 in FY90 and includes replacement of five high-mileage pickup trucks and the main brand terminal and printer, plus two computers. FY91 equipment is \$96,139 for scheduled replacement of seven high mileage trucks, two typewriters and two computers.

Funding is state special revenue from the per capita tax levy on livestock and program-related fees.

Modification Request

Rerecord Brands - All brands in the state are rerecorded every ten years pursuant to Section 81-3-104, MCA, and this modification meets those statutory requirements. In FY90 the department would spend \$50,000 on brand-digitizing equipment and new programming which will enable automatic imprinting of brand images on rerecord notices and new certificates. In FY91 the costs would be \$113,659 for 2.00 FTE temporary administrative assistants and rerecord expenses. Funding is 100% state special revenue inspection and control brand recording and rerecording fees. Because this modification is for fewer FTE and less authority than approved by the legislature ten years ago, the department also is requesting language authority in the general appropriations act that a budget amendment would be considered to meet the emergency requirements if requested.

BEEF/PORK RESEARCH & MARKETING Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Personal Services	150.00	0	0	0
Operating Expenses	26,759.17	75,000	0	0
Total Program Costs	\$26,909.17	\$75,000	\$0	\$0
Federal & Other Spec Rev Fund	26,909.17	75,000	0	0
Total Funding Costs	\$26,909.17	\$75,000	\$0	\$0
Current Level Services	26,909.17	75,000	0	0
Total Service Costs	\$26,909.17	\$75,000	\$0	\$0

Program Description

The Beef and Pork Research and Marketing Programs' functions are to promote effective research into production and marketing through collection and distribution of funds. Funds derived from a per-head tax on cattle and swine are allocated to the respective councils for distribution to state and national organizations. The councils were attached to the Department of Livestock for administrative purposes.

Budget Issues

No budget is requested because both the beef and the pork research and marketing committees have joined their national counterparts. The 1989 biennium appropriations in this program were for the Montana Pork Research and Marketing Committee which was attached to the Department of Livestock. No future activity is anticipated in this program.

PREDATORY ANIMAL CONTROL PGM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	42,101.00	42,367	41,972	42,279
Operating Expenses	189,400.18	218,920	207,231	208,756
Equipment	0.00	10,000	0	0
Total Program Costs	\$231,501.18	\$271,287	\$249,203	\$251,035
State Special Revenue Fund	231,501.18	271,287	249,203	251,035
Total Funding Costs	\$231,501.18	\$271,287	\$249,203	\$251,035
Current Level Services	231,501.18	271,287	249,203	251,035
Total Service Costs	\$231,501.18	\$271,287	\$249,203	\$251,035

Program Description

The Predator Control Program offers protection to livestock producers by controlling certain types of predators that kill or injure domestic livestock. The program is also designed to alleviate problems caused by species that may endanger human health or safety, particularly the coyote, which can carry bubonic plague. The program is operated by the Brands Enforcement Division.

Budget Issues

The 1.00 FTE in this program continues unchanged and there is no vacancy savings based on FY88 experience.

Operating expenses are budgeted primarily at current level. There is a recommended increase of \$32,000 for predator control contracts with the U. S. Department of Agriculture Animal Damage Control Program and with Montana counties; an increase of \$823 in travel which is more than offset by reduced repair and maintenance costs; and an increase of \$555 for helicopter hanger rent.

There is no equipment budgeted.

In FY88, a program transfer of \$33,190 from this program to the diagnostic laboratory reduced the base.

State special revenue is a \$75,000 per year grant from the Department of Fish, Wildlife and Parks and the per capita levy on livestock.

RABIES CONTROL
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	57,219.24	60,113	56,912	56,930
Total Program Costs	\$57,219.24	\$60,113	\$56,912	\$56,930
General Fund	42,219.24	45,113	41,912	41,930
State Special Revenue Fund	15,000.00	15,000	15,000	15,000
Total Funding Costs	\$57,219.24	\$60,113	\$56,912	\$56,930
Current Level Services	57,219.24	60,113	56,912	56,930
Total Service Costs	\$57,219.24	\$60,113	\$56,912	\$56,930

Program Description

The Rabies Control Program is designed to prevent exposure of domestic animals and humans to rabid skunks. The program is part of the Animal Health Division.

Budget Issues

There are no FTE assigned to this program and operating expenses are budgeted essentially at current level, minus a reduction for elimination of all out-of-state travel.

A \$2,000 transfer of authority from this program to the Bozeman lab was made in FY88.

Funding is general fund and a \$15,000 per year grant from the Department of Fish, Wildlife and Parks.

MEAT INSPECTION PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	12.00	12.00	10.00	10.00
Personal Services	91,987.46	220,800	239,428	239,706
Operating Expenses	20,592.22	52,000	37,868	38,044
Equipment	15,587.68	1,000	1,504	1,450
Total Program Costs	\$128,167.36	\$273,800	\$278,800	\$279,200
General Fund	122,170.72	136,900	139,400	139,600
Federal & Other Spec Rev Fund	5,996.64	136,900	139,400	139,600
Total Funding Costs	\$128,167.36	\$273,800	\$278,800	\$279,200
Current Level Services	128,167.36	273,800	278,800	279,200
Total Service Costs	\$128,167.36	\$273,800	\$278,800	\$279,200

Program Description

The Montana Meat and Poultry Inspection Act of 1987 (House Bill 814) provides the authority for a program of the same name whose function is to implement and enforce a State Meat Inspection Program "equal to" the inspection system maintained by the U.S. Department of Agriculture (USDA), Food Safety Inspection Service (FSIS). The goal of this program is provided for in the Wholesome Meat Act adopted by the U.S. Congress in 1967. This program provides a State certified supply of wholesome meat products for retail consumption by Montana producers. The program is developed in cooperation with the USDA and FSIS, and administrative rules promulgated by the Department of Livestock conform in all respects to requirements of the

Federal Meat Inspection Act and Poultry Products Inspection Act. This program is operated within the Meat-Milk & Egg Inspection Division.

Budget Issues

Because the state officially began inspecting establishments on June 6, 1988, there is insufficient base-year data to use in budgeting for the 1991 biennium. To maintain the level of funding appropriated for FY88, 2.00 FTE were eliminated, leaving 10.00 FTE each year of the 1991 biennium, and operating costs were budgeted accordingly. Total program costs are \$278,800 in FY90 and \$279,200 in FY91.

Funding for the recommended program budget is one-half general fund and a matching amount of federal funds.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	248.30	253.70	248.20	248.20
Personal Services	6,351,721.55	6,755,671	6,722,787	6,735,172
Operating Expenses	10,764,394.68	22,757,473	5,404,238	3,296,351
Equipment	262,442.72	144,424	166,411	160,592
Capital Outlay	59,150.54	4,589,359	775,000	0
Local Assistance	116,500.00	95,000	95,000	95,000
Grants	908,717.40	7,646,458	420,250	408,030
Transfers	4,838,156.77	1,187,568	2,032,000	32,000
Debt Service	782,641.59	1,470,901	552,898	77,897
Total Agency Costs	\$24,083,725.25	\$44,646,854	\$16,168,584	\$10,805,042
General Fund	3,774,525.84	3,875,865	2,428,334	2,391,079
State Special Revenue Fund	17,357,162.06	28,814,088	10,802,262	7,244,340
Federal & Other Spec Rev Fund	2,952,037.35	11,956,901	2,937,988	1,169,623
Total Funding Costs	\$24,083,725.25	\$44,646,854	\$16,168,584	\$10,805,042
Current Level Services	13,035,424.71	44,629,389	15,349,036	10,381,001
Modified Level Services	11,048,300.54	17,465	819,548	424,041
Total Service Costs	\$24,083,725.25	\$44,646,854	\$16,168,584	\$10,805,042

Agency Description

The Department of Natural Resources and Conservation (DNRC) is responsible for ensuring the wise management, development, conservation, and use of some of Montana's natural resources in a manner consistent with environmental quality. It works to sustain and improve the benefits derived from our water, soil, and rangeland; to encourage energy

conservation and the use of renewable energy resources; and to make certain that energy facilities and water projects under its jurisdiction are developed with minimum adverse environmental effects. The department directs a wide variety of programs in meeting these and related goals and objectives. The department is provided for in Section 2-15-3301, MCA.

CENTRALIZED SERVICES Budget Detail Summary

	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	41.00	42.00	39.00	39.00
Personal Services	1,080,326.87	1,152,035	1,131,762	1,133,999
Operating Expenses	379,660.21	456,622	433,607	396,591
Equipment	20,327.96	9,358	8,236	4,907
Debt Service	23,143.00	6,839	10,417	10,417
Total Program Costs	\$1,503,458.04	\$1,624,854	\$1,584,022	\$1,545,914
General Fund	981,708.01	1,043,094	1,111,126	1,112,688
State Special Revenue Fund	346,425.28	350,717	383,396	377,976
Federal & Other Spec Rev Fund	175,324.75	231,043	89,500	55,250
Total Funding Costs	\$1,503,458.04	\$1,624,854	\$1,584,022	\$1,545,914
Current Level Services	1,487,539.04	1,624,854	1,584,022	1,545,914
Modified Level Services	15,919.00	0	0	0
Total Service Costs	\$1,503,458.04	\$1,624,854	\$1,584,022	\$1,545,914

Program Description

The Centralized Services Program provides managerial and administrative support services essential to the effective operation of all DNRC divisions. The program has three distinct components: the Director's Office, the Centralized

Services Division, and the Board of Natural Resources and Conservation (BNRC).

The director has responsibility for all major decisions and recommendations within the jurisdiction of the department and for its overall management. In addition to policy and management direction, the Director's Office also provides

the legal, public information, and personnel support functions of the department.

The Centralized Services Division areas of responsibility include management of financial activities, management and coordination of information systems, production and coordination of publications and graphic materials, and general administrative support services.

The BNRC adopts administrative rules and has statutorily assigned quasi-judicial functions. It has specific responsibilities under various statutes administered by the department, including final authority for approving reservations of water under the Montana Water Use Act, for approving the siting of energy developments covered by the Major Facility Siting Act, and for approving floodplain delineations under the Montana Floodplain and Floodway Management Act. The BNRC also acts in an advisory capacity to the department in all other matters.

Budget Issues

There were 41.00 FTE authorized for FY88 and 42.00 for FY89. Staff decrease to 39.00 FTE in the 1991 biennium as a result of three positions being transferred to other programs as part of the department's development of goals and priorities and internal reallocation of resources. One position was transferred to the Conservation Districts Division, one to the Water Resources Division and one to the Energy Division. Personal services costs are budgeted at current level, including the deputy director position which has been filled through the Intergovernmental Personnel Act agreement which expires in August 1990. Vacancy savings is 2%. In addition, compensation for the Board of Natural Resources and Conservation (BNRC) increases over FY88 by \$748 to enable five meetings each year of the 1991 biennium rather than the four which were held in FY88.

Operating expenses for FY88 are understated as a budget base for the following two reasons: (1) Photocopy pool cost in contracted services was \$1,721 higher than the FY88 actual due to a prior year billing error which was credited to the department and (2) the computer purchase was accomplished by forcing savings, particularly in travel for audits.

Most operating expenses for the 1991 biennium are budgeted at current level with inflation. There are three specific

adjustments for the following: (1) \$1,100 each year for printing two energy chapters for the natural resources series; (2) \$888 more for an additional meeting of the BNRC; and (3) \$2,167 more for travel in order to perform mandated audits of the department's grants and loans. The remainder of the overall \$50,000 increase from FY88 to FY90 is due to inflation or changes in recording expenditures, such as the total department's messenger services being budgeted in this division rather than in each division and the private legal counsel for the entire BNRC being included here for the first time. The FY90 audit costs are \$35,973, compared to \$1,067 in the FY88 base.

There is \$3,500 for FY90 equipment for a computer terminal server, plus \$4,736 in FY90 and \$4,907 in FY91 for the division's share of the department's computer system. The debt service of \$10,417 each year of the 1991 biennium is the division's share of the lease-purchase contract for the computer system.

The general fund increase of \$129,418 from FY88 to FY90 is due primarily to consolidation of the BNRC in this budget and to the decrease in the amount of oil overcharge and federal indirect available. In FY88, there was \$81,229 of oil overcharge funds appropriated to replace general fund. State special revenue is allocated for the support of centralized services. For the 1989 biennium, generally a 5% rate was applied to the administrative costs of programs that did not have loans or grants associated with them and a 10% rate was applied to the administrative costs of programs with grants or loans. For the 1991 biennium, these rates are generally adjusted upward to 6% and 11% respectively. The federal negotiated indirect rate is used according to federal guidelines on anticipated expenditures.

It is being recommended by a legislative finance subcommittee that the federal indirect cost recovery accounting entity be de-earmarked pursuant to 17-2-111, MCA. The fund balance would be transferred to the general fund. The general fund would be the revenue source for the portion of the Centralized Services Division formerly supported by this entity. The FY88 ending balance in this accounting entity was \$5,344 and the cash is projected to decrease by the end of FY89.

OIL & GAS REGULATION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	22.00	26.00	26.00	26.00
Personal Services	517,614.17	670,422	664,509	665,550
Operating Expenses	188,377.33	351,612	359,574	360,731
Equipment	61,617.65	78,992	56,742	49,975
Debt Service	3,169.32	2,905	1,227	1,227
Total Program Costs	\$770,778.47	\$1,103,931	\$1,082,052	\$1,077,483
State Special Revenue Fund	770,778.47	1,103,931	1,082,052	1,077,483
Total Funding Costs	\$770,778.47	\$1,103,931	\$1,082,052	\$1,077,483
Current Level Services	710,750.91	1,103,931	1,082,052	1,077,483
Modified Level Services	60,027.56	0	0	0
Total Service Costs	\$770,778.47	\$1,103,931	\$1,082,052	\$1,077,483

Program Description

The Oil and Gas Conservation Division administers Montana oil and gas laws to promote conservation and prevent wasteful practices in the recovery of these resources. Exploration, drilling, and production are regulated through permits, well classifications, inspections, and investigations. The program also regulates Class II (oil and gas) injection wells, subject to approval by the U.S. Environmental Protection Agency, and seismic exploration. Well spacing units, secondary recovery programs and pooling orders are established and engineering and geologic studies are conducted.

Well information, including logs, completion data, test data, and production records, is collected and filed for public and industry research. Well data and production information are also entered into an oil and gas database and statistical reports are compiled and published. The division also maintains a depository of core chips and cuttings.

Budget Issues

Staff increase over FY88 by 4.00 FTE as a result of the 1987 Legislature passing HB795 which revised the oil and gas conservation laws to incorporate regulation of class II injection wells as defined by the federal Environmental Protection Agency (EPA) and transfer the Underground Injection Control (UIC) Program to the Board of Oil and Gas. This transfer to the state program is now projected between March and June, 1989. Negotiations with EPA are continuing and plans will remain preliminary until an agreement is finalized. Moreover, because the UIC was anticipated during the last legislative session to be fully operational by FY89, and authority was appropriated at \$280,000 for that year, the 1991 biennium UIC budgets are recommended at near that level with \$275,040 for FY90 and \$270,513 for FY91.

Personal services are budgeted at current level with the 4.00 FTE for UIC included and with 2% vacancy savings. There is an increase of \$3,200 in per diem for board members to provide for extra hearings to adopt and implement the programmatic environmental statement in accord with SB184, passed by the 1987 Legislature, to comply with MEPA by identifying impacts associated with the drilling and production of oil and gas wells.

Operating expenses increase due to inclusion of \$149,242 in FY90 and \$152,123 in FY91 for the UIC Program and to

projected SB184/MEPA requirements for comprehensive rulemaking, additional legal counsel, meetings for information and public hearings and printing. In addition, the board is requesting budgetary authorization in increased travel costs to send one of its members and one staff member to the annual and mid-year Interstate Oil Compact Commission meetings and to send the Governor's representative to the executive committee and the annual meeting.

Equipment recommended for FY90 is \$30,148 to replace two field vehicles in oil and gas regulation and \$15,074 to purchase one new field vehicle in UIC; \$2,160 for UIC filing cabinets and calculators needed for program start-up; \$2,400 for UIC engineering equipment; \$4,000 for UIC computer and printer; \$2,550 for software in both programs; and \$410 for department computer software. The FY91 equipment includes \$31,052 for one vehicle in each program; \$16,363 for office equipment including replacement of an old microfiche reader printer and a photocopy machine in the Shelby office and filing cabinets; \$2,150 for software; and \$410 for department computer software. The lease principal is the division's share of the department computer system.

The 1987 Legislature appropriated \$10,000 per year in RIT funds for possible plugging and reclamation of abandoned well sites, only \$496 of which was needed in FY88. Although the board requested the same authority for the 1991 biennium, this is not included in the recommended budget because there is continuing authority for the \$175,000 emergency RIT fund within the department which is available for emergency purposes only, pursuant to 82-10-402, MCA, which states: "When the person who abandoned a well, sump, or hole cannot be identified or located...the board (of oil and gas) shall notify the Department of Natural Resources and Conservation. The department may then reclaim the disturbed land with funds available from the resource indemnity trust fund under 15-38-202...."

The total recommended budget is slightly less than the authorized FY89 budget for both FY90 and FY91. Expenditures during FY88 reflected substantial savings in personal services and operating expenses due to the reduction in force implemented by the board as a result of the decline in oil and gas exploration. The division is supported solely by oil and gas privilege and license tax and drilling permit fees.

**CONSERVATION DISTRICTS
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	6.20	6.20	6.20	6.20
Personal Services	145,567.05	178,777	160,720	160,883
Operating Expenses	117,428.82	118,777	124,577	124,178
Equipment	3,685.00	1,156	839	9,511
Local Assistance	95,000.00	95,000	95,000	95,000
Grants	303,852.38	704,092	165,250	153,030
Debt Service	0.00	0	730	730
Total Program Costs	\$665,533.25	\$1,097,802	\$547,116	\$543,332
State Special Revenue Fund	573,408.01	649,833	542,116	538,332
Federal & Other Spec Rev Fund	92,125.24	447,969	5,000	5,000
Total Funding Costs	\$665,533.25	\$1,097,802	\$547,116	\$543,332
Current Level Services	546,111.01	1,097,802	547,116	543,332
Modified Level Services	119,422.24	0	0	0
Total Service Costs	\$665,533.25	\$1,097,802	\$547,116	\$543,332

Program Description

The Conservation Districts Division is required by statute to supervise, coordinate and assist Montana's 59 soil and water conservation districts, plus 30 state grazing districts. The entire state is included within a conservation district, except for a portion of Custer County and a few municipalities. Conservation Districts represent about 15,000 cooperators and provide assistance to over 400 units of federal, state and local governments annually. At the present time, 59 cities and towns have voted to be included within Conservation Districts.

Specifically, the Conservation Districts Division administers eight program areas which include most major areas of responsibility. These program areas include:

- 1) Conservation District Supervision and Assistance. The division provides supervision, assistance, and coordination to local conservation districts in their efforts toward proper development and management of land, water, and other resources. Division assistance emphasizes the following areas, as well as daily assistance on district operations and with erosion-control programs: watershed planning, the water reservation process, forest practices, irrigation water management, urban needs and activities, conservation planning, the conservation reserve program, weed control, Streambed and Land Preservation Act, administration changes in land use, saline seep control, floodwater prevention, soil survey development, and soil and water conservation education.
- 2) Conservation District Project Grants. The division administers three grant programs that provide funding to conservation districts for a variety of soil and water conservation-related projects. The 223 grant program, which is .5 of 1% of the coal tax, is used by districts for on-the-ground projects which provide a benefit but have a limited short-term payback. The administrative grant program is used to assist districts with their required administrative responsibilities. Oil overcharge funding was made available by the 1987 Legislature to districts to be used for agriculturally-related energy conservation projects.

- 3) Grazing District Supervision and Assistance. The division is responsible by law to supervise and coordinate the formation and operation of grazing districts. The division provides legal assistance upon request, reviews financial and permit records submitted by each district annually; reviews applications for transfers of preference rights; provides district permit and financial forms; and provides assistance on operational procedures.
- 4) Rangeland Resource Program. The division administers the Montana Rangeland Resource Program and the Rangeland Resource Act. The division provides guidance and assistance to conservation districts and county range committees in implementing district or county range programs, and coordinates the activities of both public and private landowners to promote proper resource management. The Rangeland Improvement Loan Program-a low-interest loan program available to private landowners exclusively for the improvement and development of rangelands - is also administered by the division.
- 5) Stream Riparian Area Management and Protection. Two programs have been developed - the Riparian Management and Streambanks Reclamation Programs - to demonstrate cost-effective, innovative riparian area and streambank protection and improvement methods. Grants are provided to conservation districts that sponsor local projects and develop information and education programs promoting the use of the methods demonstrated. The division also chairs a recently organized riparian education committee consisting of private and public organizations whose function will be to develop a statewide education program to address nonpoint source pollution and improve riparian management on private lands.
- 6) Nonpoint Source Pollution Control. The division is involved with the Department of Health and Environmental Sciences in the development of a State Nonpoint Source (NPS) Management Program as required by Section 319 of the 1987 Clean Water Act. The state's program will focus on water quality improvement through the selection and implementation of best management practices and

hydromodification. In addition, the division is primarily responsible for the development and implementation of a statewide NPS education program which will focus on private landowners, youth and the general public.

- 7) Rural Area Economic Development. Conservation districts, because of their ties to agriculture, their leadership position, and their statewide network, have been encouraged to develop and promote rural economic development in their areas. The division is working with eight districts that have joined together to take on this effort. Ten other districts are in the process of organizing a program. The goal is to assist and promote all areas of rural economic development. Inventories are in progress, resource-to-product survey manuals are being developed, and training programs in economic development are being planned.
- 8) Public Land Management and Review. The division is a member, and past chair, of the Coordinated Resource Management and Planning Task Force and Executive Committee - a group of nine state and federal agencies and private organizations concerned with coordinating resource management activities on public and private lands. The division also represents the department and districts on the State Water Plan Advisory Council, the Interagency Planning Task Force, the Governor's Land Exchange Committee, and the Water Policy Committee.

Budget Issues

Staff levels for FY88 and FY89 were 5.20 FTE in current level and an additional 1.00 FTE made possible through oil overcharge funds in HB621 and internal savings. This 6.20 FTE level is continued in the 1991 biennium through transfer of 1.00 FTE from the Centralized Services Division. Staff compensation is budgeted at current level with 2% vacancy savings based on FY88 experience. The 1987 Legislature waived vacancy savings for this program due to its small size. The FY88 personal services costs were lower

than anticipated because one employee was on maternity leave and another position was vacant for seven months. An additional reason for the 1991 biennium personal services cost increase is that there will be 1.00 FTE administrative assistant to address additional workload created by passage of federal and state legislation and to assist districts with priority programs. Funding for this position was realized through internal department-wide reallocation of savings for this purpose.

The 6.1% increase in operating expenses from FY88 to FY90 is attributable primarily to inflation and fixed costs. In addition, there is a \$5,655 adjustment in travel expenses for the same time period because of documentation that three of the staff did very little field work during FY88 due to extended illness, maternity leave and vacancy.

Equipment includes \$340 in FY90 for a file cabinet and \$9,000 in FY91 to purchase a car for use by personnel in the Miles City field office. No other equipment is budgeted; the other costs and the principal are the division's share of departmental computer system operations.

Local assistance grants continue at \$95,000 each year to provide financial support for local conservation districts (CDs), many of which have small budgets but, nonetheless, must meet certain responsibilities required by state and federal law. Resource indemnity trust interest funds are appropriated for this purpose.

Grant funds are for two purposes: (1) One-half of 1% of the coal severance tax is allocated each year for conservation projects and this appropriation declines from \$220,000 each year of the 1989 biennium to \$94,000 in FY90 and to \$81,780 in FY91; and (2) RIT pass-through funds for saline seep control continue to be budgeted at \$71,250 each year.

Funding for the Conservation District Division programs is summarized in Table 1 below. There is \$221,266 for administration in FY90 and \$229,702 in FY91. Ten percent of renewable resources development funds are allocated to CDs for watershed planning and development of water reservations; this is \$65,600 each year of the 1991 biennium. The local assistance and grants are as described above.

Department of Natural Resources Table 1
Programs and Funding of Conservation Districts Division
For the 1991 Biennium

Program	Funding Source	Recom- mended FY90	Recom- mended FY91
Administration	RIT, RRD, Alt.Engy., Fed.& Graz Cons.	\$221,266	\$229,702
Watershed Planning	Renewable Resource Dev.	65,600	65,600
Local Assistance CDs	RIT Interest	95,000	95,000
Saline Seep	RIT Interest	71,250	71,250
CD Project Grants	Coal Severance Tax	94,000	81,780
	Total	\$547,116	\$543,332

Language for the general appropriations act, similar to the 1989 biennium, is recommended as follows: "The department is authorized up to \$700,000 from the account established in 76-14-112, MCA, for Rangeland Improvement Loans during the 1991 biennium." There was \$500,000 authorized in the 1989 biennium; however, needs for such things as stockwater development and weed control have

increased due to the drought. Therefore, the department has requested \$700,000 of authority for the coming biennium.

Additional language is requested regarding the coal severance tax grants as follows: Any funds reverted from unexpended coal severance tax grant funds and any additional funds made available as a result of revenues exceeding current estimates are authorized for distribution as grants to conservation districts as specified in 76-15-530, MCA.

**WATER RESOURCES & PLANNING
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	129.00	130.00	137.00	137.00
Personal Services	3,421,113.22	3,416,137	3,665,381	3,672,153
Operating Expenses	9,433,839.69	18,071,355	1,461,540	1,075,962
Equipment	156,451.61	44,913	85,422	84,270
Capital Outlay	175.00	4,589,359	775,000	0
Grants	520,529.72	4,333,766	0	0
Transfers	3,706,369.00	28,314	2,032,000	32,000
Debt Service	756,329.27	1,461,157	534,585	59,585
Total Program Costs	\$17,994,807.51	\$31,945,001	\$8,553,928	\$4,923,970
General Fund	2,357,676.08	2,381,653	1,317,208	1,278,391
State Special Revenue Fund	15,315,494.92	25,436,208	7,144,720	3,595,579
Federal & Other Spec Rev Fund	321,636.51	4,127,140	92,000	50,000
Total Funding Costs	\$17,994,807.51	\$31,945,001	\$8,553,928	\$4,923,970
Current Level Services	8,877,163.68	31,927,536	7,734,380	4,499,929
Modified Level Services	9,117,643.83	17,465	819,548	424,041
Total Service Costs	\$17,994,807.51	\$31,945,001	\$8,553,928	\$4,923,970

Program Description

The Water Resources Division is responsible for many programs associated with the uses, development and protection of Montana's water. The division administers these programs through four individual bureaus, in addition to a dam safety staff and the immediate staff of the division administrator. The division also develops and recommends water policy to the director, Governor, and legislature. These programs include the following:

Water Management - (Title 85, Chapter 1, MCA) - The division administers Montana's water planning responsibilities, which include ensuring that Montana's interests are represented in national water policy and federal water resources programs and projects conducted in Montana. The program includes projection of future water requirements, formulation of plans and alternatives, administration of the water reservation statutes, identification of water storage needs and projects, evaluation of effects of varying levels of water use, recommendations for implementation methods for water resource programs and projects, and ensuring that Montana's interests are represented in water allocation negotiations with other states and Canada.

Water Rights - (Article IX, Section 3 of the Montana Constitution) - The division administers a permit system for new water use and for changes of existing water use and is responsible for maintaining all existing water rights records. The division provides technical and administrative support for the water court that is responsible for adjudicating pre-1973 water rights.

State Water Projects - (Title 85, Chapter 1, MCA) - The division provides water to Montana citizens by developing, operating, and maintaining a system of 40 state-owned water conservation projects.

Floodplain Management Program - (Title 76, Chapter 3, MCA) - The division determines 100-year frequency floodway and floodplain boundaries for all streams in Montana and regulates flood-prone lands and waters to prevent or alleviate flood threats to life and property. As the state's coordinating agent for the Department of Housing and

Urban Development Federal Flood Insurance Program, the Floodplain Management Program staff assist local political subdivisions in meeting flood insurance eligibility requirements.

Dam Safety - (Title 85, Chapter 15, MCA) - The division administers a permit system for construction, repair, alteration, and removal of state or private dams 50 acre-feet or over where the failure may cause a loss of life; it may make emergency repairs or breach a dam to safeguard life or property; and it establishes safety standards for the design, construction, operation, and maintenance of high hazard dams and reservoirs.

Board of Water Well Contractors - (Title 37, Chapter 43, MCA) - The division assists the Board of Water Well Contractors in the licensing of well drillers and the development and enforcement of well construction standards.

Renewable Resources - (Title 90, Chapter 2, MCA) - The division implements the Renewable Resource Development (RRD) Act. The RRD Program invests coal severance tax funds in Montana's renewable resources, either through direct grants and loans or as security for the issuance of state revenue bonds. Division staff review all applications for renewable resource loans and grants and develop recommendations for the Governor. The division develops grant agreements and ensures proper execution for those grants approved by the legislature.

Water Development - (Title 85, Chapter 1, MCA) - The division administers Montana's Water Development Program, which provides grants and loans to public and private entities. In addition, bonds backed by the coal severance tax are sold for the development of water resource projects throughout the state.

Reclamation and Development Grants Program - (Title 90, Chapter 2, Part 11, MCA) - The division administers Montana's Reclamation and Development Grants Program, which provides grants to public entities for projects to repair, reclaim, and mitigate environmental damages to public resources for non-renewable resource extraction and to develop public resources for the benefit of all Montanans.

Reserved Water Rights Compact Commission - (Title 2, Chapter 15, Part 2, MCA) - The commission negotiates with federal agencies and Indian tribes concerning reserved water rights. The commission is attached to the Governor's Office, while staff for the commission is located as a separate administrative unit in the Department of Natural Resources and Conservation.

Budget Issues

The FY88 staff level of 129.00 FTE resulted from 128.00 FTE authorized in HB2 and 1.00 FTE included in HB6 for RIT administration. For FY89, the legislature added one staff person to the Dam Safety Program. For the 1991 biennium, Water Resources Division current-level personnel decrease to the 128.00 FTE authorized in HB2 by the last legislature. In addition, 9.00 FTE are recommended in the modifications listed below, for a total of 137.00 FTE. Personal services are budgeted accordingly at current level with 2% vacancy savings. There is an increase from FY88 of \$1,376 each year in other compensation for well water and compact commission members.

Current-level operating expenses are budgeted below the FY88 base in all expenditure categories, with a total of \$899,760 in FY90 and \$903,347 in FY91. The addition of modifications, which are recommended at \$561,780 in FY90 and \$172,615 in FY91, creates the figures shown in the main table. The nearly \$8 million operating expense decrease from FY88 to FY90 is primarily attributable to one-time contracted services appropriated in HB6.

Equipment decreases from FY88 to FY90 by 46% including the items recommended in modifications. Equipment, capital, grants and debt service are detailed by programs below. Transfers of \$2 million in FY90, plus \$519,000 of the FY90 debt service and \$44,000 of the FY91 debt service are projected costs associated with bond sales during the 1991 biennium. Bond payments are made from the sinking funds by the Department of Administration.

General fund for combined current- and modified-level budgets, which decreases by 44.1% from FY88 to FY90 and by 45.8% from FY88 to FY91, is partially replaced with coal tax from the alternative energy research and demonstration account in the amount of \$908,048 in FY90 and \$1,018,844 in FY91. The remaining state special and federal/other special revenues are program or project specific and are discussed in relationship to each of the programs which are summarized in Table 2 below.

Administration - This unit provides administrative leadership and support to the bureaus and water programs within the division. During FY88, 1.00 FTE was transferred from administration to the Water Management Bureau and 0.50 FTE was transferred to the Water Development Bureau. Additionally, the department offered to continue reallocating resources to the highest priority programs within the water division as part of its effort to help balance the budget. This led to a reduced 1991 biennium request for this unit, with the largest cut being a decrease in dues for the Missouri Basin States Association from \$23,655 to \$12,500 each year. The administration budget decreases by 22.3% from FY88 to FY90. The equipment and principal are the unit's share of computer costs for the entire department.

Water Rights Administration - FTE are maintained but personal services costs decrease because the FY88 base costs exceeded the budget allocation due to a heavy workload in meeting statutory responsibilities.

Operating expenses increase slightly due to fixed costs and anticipated legal costs. Equipment is replacement of one high mileage 4x4 pickup with topper each year and software. Principal is the pro rata share of the departmental computer costs plus \$687 per year debt service for a field office telephone system. The program budget decreases from FY88 to FY90 by 5.9%.

General fund decreases from FY88 to FY90 both because of the budget reductions and because of partial replacement with alternative energy funds. The other funding sources are resource indemnity trust and the water rights appropriation which is fees collected to help pay for expenses incurred in administration and enforcement, pursuant to 85-2-318, MCA.

Water Rights Adjudication - FTE are maintained and budgeted at current level with the personal services cost increase caused by vacancy savings in FY88. During FY88, no adjudication decrees were issued by the Water Court because the claim process was being restructured and new Supreme Court rules were prepared. While decrees are expected to be issued again during the 1991 biennium, no funds are included for increased expenses related to decree issuance. Operating expenses decrease by 6.4% from FY88 to FY90. General fund is the sole funding source.

State Water Projects - This bureau is transferring 1.00 FTE to the Water Management Program for the 1991 biennium and personal services costs are budgeted accordingly for the 17.00 FTE remaining. Operating expenses in FY88 included about \$219,000 in non-recurring contracted services. There are budget increases from FY88 to FY90 for printing, gasoline, communications and travel related to the Floodplain Management Program contained within this bureau and funded in part by the Federal Emergency Management Agency (FEMA) which will be providing \$50,000 of state assistance each year of the 1991 biennium. There were \$36,000 of budget reductions made internally within the agency and reallocated to this bureau in order to provide 1991 biennium consultant services to develop operating, maintenance and emergency warning plans for some state-owned dams in compliance with the Montana Dam Safety Act.

Equipment in FY90 is \$25,000 to replace the hydrography truck which has over 100,000 miles, \$1,000 for workstation partitions and shelves, \$4,500 for engineering equipment, \$4,000 for a personal computer with survey and design peripherals, \$500 for software updates and \$555 for the bureau's share of agency-wide computer software. Equipment in FY91 is \$15,000 to replace a 4x4 pickup with topper, \$1,000 for workstation partitions and shelves, \$500 to replace a camera, \$4,500 for engineering items, \$4,000 for a personal computer with engineering features, \$500 for software updates and \$583 for the bureau's share of the department's software cost.

Capital outlay of \$775,000 for 1991 biennium project rehabilitation includes \$100,000 for Middle Creek Dam, \$500,000 for the North Fork of the Smith River Dam, \$100,000 for the Ruby River Dam and \$75,000 for other dam and canal repairs. Actual capital outlay for each project may vary if project needs change.

Transfers of \$32,000 each year are project loan repayments as follows: \$19,088 Sidney; \$2,938 Little Dry; \$3,373 South Side Canal; \$2,915 Petrolia; and \$3,686 early payments and other projects. The principal payments of \$1,700 per year are the bureau's share of the department computer.

Funding for state water projects is water development and FEMA state assistance.

Water Management - There are two additional staff, 1.00 FTE transferred from State Water Projects and 1.00 FTE transferred from the Centralized Services Division, for a total of 17.00 FTE each year of the 1991 biennium. Personal services are budgeted accordingly. Reductions in resource indemnity trust and general fund expenses totalling \$73,200 from the FY88 base were made throughout the agency and most of these internal savings were transferred to this program for both personal services and operating expenses in order to respond to accelerated development of the State Water Plan.

Operating expenses increase for printing pamphlets and other public information, postage, telephone and travel related to the two transferred positions and the State Water Plan. There is no request to continue the \$15,650 appropriated by the 1987 Legislature to monitor water quality and quantity in the Poplar River Basin, but the concerns regarding impacts of Canadian development on state water have not diminished.

Equipment in FY90 is \$1,285 for software and \$1,064 for the pro rata share of the agency's software. In FY91 there is \$12,000 for a replacement truck with topper, \$1,285 for software and \$1,117 towards the agency's software. The principal of \$3,189 each year is the bureau's share of the department computer.

General fund decreases and is offset with resource indemnity trust water development funds.

Board of Water Well Contractors - The 1.00 FTE position is maintained and compensation for the board increases by \$150 from FY88 to FY90 to enable enforcement of construction standards and discussion of complaints.

Operating expenses increase for rule changes related to additions and deletions in water well and monitoring well standards, travel for board members and fixed costs. There is no equipment in FY90 and the \$200 in FY91 is for a calculator.

The general fund decrease of 40.7% is offset by an increase in state special revenue water well contractors fees.

Water Development - This unit administers the water development loan and grant programs, renewable resources development, reclamation and development grants and provides technical assistance on water reservations. The 12.50 FTE continue in the 1991 biennium and personal services costs increase due to FY88 vacancy savings.

Operating expenses are budgeted primarily at or below current level with inflation, plus a \$1,730 travel adjustment to

enable the field engineer stationed in Miles City to come to Helena. The FY91 increase is in consulting services.

Equipment is \$400 each year for single-user software in Miles City and Helena and the bureau's share of software for the department computer. Principal is the bureau's share of lease payments for the agency computer system.

Funding sources include resource indemnity trust water development and renewable resource development funds, and alternative energy research development funds.

Dam Safety Program - The 1987 Legislature authorized 3.00 FTE in FY88 and added 1.00 FTE construction inspector in FY89. These four current-level staff members are continued in the 1991 biennium and personal services are budgeted accordingly.

Because the FY88 base operating expenses reflect only 75% of the personnel included for the biennium, there are adjustments in supplies, communications, travel, rent, repairs and other expenses. In addition, contracted services for expert review of plans and specifications, required by current law prior to high hazard dam construction, are budgeted at the 1989 biennium level, which is a \$9,719 increase over FY88 actual of one construction review. Ten applications for construction permits are expected each year of the 1991 biennium.

The \$700 of equipment each year is for computer software. RIT is the sole funding source.

Montana Reserved Water Rights Compact Commission - The commission continues to be supported by 6.00 FTE with each position meeting a specialized technical need in ongoing projects. Compensation for commission members increases over FY88 by \$1,430 each year.

Operating expenses increase based on the commission's request to budget funds for outside legal counsel in the event negotiations warrant such services and to budget increases for maps, computer paper and supplies for the geographic information system.

Equipment and principal are the program share of department expenditures for the computer system, software and software subscription charges for the Commission's geographic information system, satellite images and digitized data for future project areas. Software subscription charges of \$3,000 were not reflected in the base year expenditures because they were included in the purchase price of the system for the first year.

Department of Natural Resources Table 2
Water Resources Current-Level Programs
FY88 Compared With FY90 and FY91 Recommendations

Program	Actual FY88	Recommended FY90	Recommended FY91
<u>Administration</u>	4.50	4.50	4.50
FTE			
Personal Services	\$205,081	\$159,490	\$159,856
Operating Expenses	66,962	50,998	51,162
Equipment	2,290	700	734
Principal	0	2,080	2,080
Total	\$274,333	\$213,268	\$213,832
<u>Funding:</u>			
General Fund	\$7,314	\$5,000	\$5,000
RIT (02104)	90,575	90,000	90,000

Program	Actual FY88	Recommended FY90	Recommended FY91
Water Developmt(02435)	176,444	118,268	118,832
Total	\$274,333	\$213,268	\$213,832
<u>Water Rights Administration</u>			
FTE	47.50	47.50	47.50
Personal Services	\$1,278,957	\$1,214,142	\$1,216,154
Operating Expenses	215,774	217,019	217,506
Equipment	46,939	14,273	17,358
Principal	687	5,957	5,957
Total	\$1,542,357	\$1,451,391	\$1,456,975
Funding:			
General Fund	\$1,457,204	\$456,938	\$362,970
RIT (02104)	10,500	12,334	435
Water Rt Approp(02430)	74,653	75,000	75,000
Alt Engy (02437)	0	907,119	1,018,570
Total	\$1,542,357	\$1,451,391	\$1,456,975
<u>Water Rights Adjudication</u>			
FTE	18.50	18.50	18.50
Personal Services	\$388,057	\$423,346	\$423,874
Operating Expenses	150,979	141,313	139,511
Equipment	9,729	0	0
Principal	456	0	0
Total	\$549,221	\$564,659	\$563,385
Funding:			
General Fund	\$549,221	\$564,659	\$563,385
<u>State Water Projects</u>			
FTE	18.00	17.00	17.00
Personal Services	\$550,279	\$525,030	\$526,049
Operating Expenses	340,578	133,367	134,906
Equipment	19,095	35,555	26,083
Capital Outlay	175	775,000	0
Transfers	28,314	32,000	32,000
Principal/Debt Serv.	25,770	1,700	1,700
Total	\$964,211	\$1,502,652	\$720,738
Funding:			
Water Developmt(02435)	\$898,235	\$1,452,652	\$670,738
Water Resources FPRA	25,770	0	0
State Assistance(03094)	40,206	50,000	50,000
Total	\$964,211	\$1,502,652	\$720,738
<u>Water Management</u>			
FTE	15.00	17.00	17.00
Personal Services	\$369,696	\$473,346	\$474,659
Operating Expenses	195,276	206,006	207,529
Equipment	21,066	2,349	14,402
Principal/Debt Serv.	26,811	3,189	3,189
Total	\$612,849	\$684,890	\$699,779
Funding:			
General Fund	\$219,968	\$114,161	\$173,015
RIT (02104)	392,881	373,100	385,622
Water Developmt(02435)	0	197,629	141,142
Total	\$612,849	\$684,890	\$699,779
<u>Board of Water Well Contractors</u>			
FTE	1.00	1.00	1.00
Personal Services	\$29,446	\$29,109	\$29,112
Operating Expenses	7,271	8,089	7,545
Equipment	150	0	200
Total	\$36,867	\$37,198	\$36,857
Funding:			
General Fund	\$12,137	\$7,198	\$6,857

Program	Actual FY88	Recommended FY90	Recommended FY91
Water Well Contractors	24,730	30,000	30,000
Total	\$36,867	\$37,198	\$36,857
<u>Water Development</u>			
FTE	12.50	12.50	12.50
Personal Services	\$322,984	\$334,899	\$335,722
Operating Expenses	73,497	71,626	73,352
Equipment	1,771	1,635	983
Grants	3,845	0	0
Principal	0	1,664	1,664
Total	\$402,097	\$409,824	\$411,721
Funding:			
Water Developmt(02435)	\$329,060	\$278,895	\$281,447
Renewable Reses(02436)	64,847	130,000	130,000
Alt Engy (02437)	0	929	274
Nat. Res.Grts(02458)	8,190	0	0
	\$402,097	\$409,824	\$411,721
<u>Dam Safety</u>			
FTE	3.00	4.00	4.00
Personal Services	\$43,767	\$107,919	\$108,202
Operating Expenses	19,780	26,747	27,123
Equipment	18,856	700	700
Total	\$82,403	\$135,366	\$136,025
Funding:			
RIT (02104)	\$82,403	\$135,366	\$136,025
<u>Reserved Water Rights Com-</u> <u>pact Commission</u>			
FTE	6.00	6.00	6.00
Personal Services	\$145,268	\$161,482	\$161,849
Operating Expenses	37,389	44,595	44,713
Equipment	11,590	9,060	9,060
Principal	29,415	995	995
Total	\$223,662	\$216,132	\$216,617
Funding:			
General Fund	\$111,832	\$108,058	\$108,301
RIT (02104)	111,830	108,074	108,316
Total	\$223,662	\$216,132	\$216,617

Modification Request

Reclamation and Development Grants Program - Established by the 1987 Legislature, this program is funded by 46% of the interest income from the resource indemnity tax trust fund for new projects each year. In addition, many previously-funded projects require monitoring for more than two years and add to the workload each biennium. Therefore, this modification is to add 0.50 FTE and operating expenses, utilizing a portion of the RIT reclamation and development grants appropriation, for a total cost of \$15,726 in FY90 and \$15,727 in FY91. Through further internal reorganization, the department proposes to transfer 0.50 FTE and an equal amount of funding from reductions to be made elsewhere in order to provide an adequate level of support for the Reclamation and Development Grants Program.

High-Hazard Dams - The purpose of this modification is to comply with current law by developing operating plans for eight state owned high-hazard dams within the mandated five-year renewal cycle. In order to accomplish these tasks, the department would add 1.00 FTE engineer plus travel expenses utilizing water development funds. The total cost is \$40,000 each year of the 1991 biennium.

Broadwater Power Project - The Broadwater-Missouri Power Project currently under construction is expected to begin operation in the spring of 1989 and to be fully operational by the 1991 biennium. It will be necessary to provide funding for its operation. State special revenue generated by the project will flow first into an operation and maintenance account and, second, into an emergency repair/replacement account before flowing finally into the water development fund. The current plans for operation of the project add 2.00 FTE through this modification, plus operating expenses of \$157,993 in FY90 and \$149,505 in FY91, and equipment of \$16,400 in FY90 and \$13,000 in FY91. The total operations cost, to be paid entirely from project funds, is \$229,843 in FY90 and \$217,960 in FY91. It is further recommended that the general appropriations act include language that additional operating or maintenance costs required for operation of the Broadwater-Missouri Power Project would meet emergency requirements for a state special revenue budget amendment.

Missouri Basin Water Reservation - In 1985 the legislature mandated completion of a comprehensive water reservation proceeding in the Missouri Basin of Montana by December 31, 1991. The primary reasons for legislative action were to resolve intra-state water conflicts and to strengthen the state's position in the eventual allocation of the Missouri

River among the ten Missouri Basin states. The 1987 Legislature amended the deadline so that final action on applications for the reservation of flows upstream of Fort Peck Dam can be completed by the December 31, 1991, deadline and decision making on applications in the remaining portion of the basin is to be completed by December 31, 1993. Along with coordinating the proceeding, the legislature further directed the department to assist in preparing water reservation applications for all interested municipalities and conservation districts by July 1, 1991.

During the 1989 biennium, the department is preparing reservation applications for conservation districts and municipalities in the middle portion of the basin. Additionally, the department is coordinating the application efforts of state and federal agencies for reservations throughout the basin. There is also a preliminary environmental review being conducted for reservation considerations above Canyon Ferry Dam.

During the 1991 biennium, the department is expected to assist in preparing applications for the remaining 13 municipalities and nine conservation districts in the lower basin, prepare and finalize an environmental impact statement (EIS) for the basin upstream of Fort Peck Dam, conduct water availability analyses and notice all individuals holding water rights of the pending hearings process. As part of this lower basin effort, the department is recommending that the reservation proceeding be statutorily expanded to include the Little Missouri Basin and that funding be made available to assist in preparing additional applications for two municipalities and three conservation districts. The department further proposes that the legislature extend the deadline for the decision making on reservation applications above Fort Peck Dam from December 31, 1991, to July 1, 1992. This six-month extension would allow most of the hearing expenses to be deferred until FY92.

This modification requests 3.00 FTE and operating expenses for a total cost of \$461,785 in FY90 and \$80,491 in FY91. Funding is water development funds of \$279,785 in FY90 and \$80,491 in FY91, which is a net increase of \$11,511 of water development monies over the amount appropriated

for the 1989 biennium. The balance of the modification is authority for the EIS fees to be paid by federal agencies and the state Department of Health and Environmental Sciences and the Department of Fish, Wildlife and Parks.

Water Rights Permit Enforcement - The Water Resources Division has been unable to enforce compliance with water use permits and authorizations or to investigate water right-related complaints because of lack of staff and funding. This modification proposes to use general fund and a portion of the fees collected pursuant to 85-2-318, MCA, to add 1.00 FTE, operating expenses and equipment to enable the department to meet its statutory obligation for addressing non-compliance problems. Non compliance adversely impacts users with existing water rights and problems become more acute during times of drought or water shortages. The total FY90 cost is \$35,873, comprised of \$24,873 general fund and \$11,000 state special revenue water right appropriation fees. The total FY91 cost is \$33,500, comprised of \$22,500 general fund and \$11,000 state special revenue fees.

Water Rights Adjudication - During the 1989 biennium, the water rights adjudication was reduced \$500,000 and the pace of activity was slowed to allow a study of the overall adjudication process under the guidance of the Water Policy Committee. The Centralized Services Division provided additional assistance to the Water Rights Bureau to help in maintaining essential records and administrative functions. This assistance amounted to approximately 1.50 FTE support personnel. These positions and the funding have been eliminated from centralized services for the 1991 biennium and that division can no longer provide this assistance.

The purpose of this modification is to allow records and administrative activities of the adjudication to continue at the same level as in the 1989 biennium. The modification would add 1.50 FTE at a total general fund cost of \$36,321 in FY90 and \$36,363 in FY91.

Funding to address any structural changes in Montana's general adjudication resulting from the study and legislative action, or a return of the program to the level of the 1987 biennium, is not reflected in this modification.

**ENERGY PLANNING
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	50.10	49.50	40.00	40.00
Personal Services	1,187,100.24	1,338,300	1,100,415	1,102,587
Operating Expenses	645,088.63	3,759,107	3,024,940	1,338,889
Equipment	20,360.50	10,005	15,172	11,929
Capital Outlay	58,975.54	0	0	0
Local Assistance	21,500.00	0	0	0
Grants	84,335.30	2,608,600	255,000	255,000
Transfers	1,131,787.77	1,159,254	0	0
Debt Service	0.00	0	5,939	5,938
Total Program Costs	\$3,149,147.98	\$8,875,266	\$4,401,466	\$2,714,343
General Fund	435,141.75	451,118	0	0
State Special Revenue Fund	351,055.38	1,273,399	1,649,978	1,654,970
Federal & Other Spec Rev Fund	2,362,950.85	7,150,749	2,751,488	1,059,373
Total Funding Costs	\$3,149,147.98	\$8,875,266	\$4,401,466	\$2,714,343
Current Level Services	1,413,860.07	8,875,266	4,401,466	2,714,343
Modified Level Services	1,735,287.91	0	0	0
Total Service Costs	\$3,149,147.98	\$8,875,266	\$4,401,466	\$2,714,343

Program Description

The Energy Division administers the Montana Major Facility Siting Act (MFSA), the Alternative Energy Grant and Loan Program, the State Buildings Energy Program, the Energy Emergency Powers Act, and federally-sponsored energy conservation programs. These responsibilities are carried out by three bureaus, in addition to the immediate staff of the division administrator.

The Facility Siting Bureau designs and conducts environmental impact and monitoring studies and performs analyses of energy projects under either MFSA or the Montana Environmental Policy Act (MEPA). The bureau also conducts impact assessment and research studies when its environmental expertise is requested by the Board of Natural Resources and Conservation (BNRC), other bureaus, divisions, or state or federal agencies. The bureau (1) writes, oversees, and implements administrative rules for MFSA; (2) evaluates the environmental and economic impacts of transmission lines, power plants, pipelines, and other major energy facilities or projects in accordance with rules and regulations of MFSA, MEPA, or other environmental laws; (3) monitors construction and clean up activities to determine compliance with state conditions of approval adopted for projects; and (4) researches and gathers information to formulate and recommend environmental standards, siting policies, and mitigating measures for adoption by the BNRC or other state agencies.

The Planning and Analysis Bureau is responsible for conducting energy need and energy alternative analysis as required under MFSA and MEPA. The bureau develops, analyzes, and makes recommendations on energy policy, evaluates and monitors energy issues that may affect Montana, and conducts short-term (contingency) and long-term energy planning studies. The bureau also administers the Energy Emergency Powers Act and monitors petroleum supplies and demand in Montana, collects and updates energy data, conducts feasibility studies of alternate energy sources and energy conservation, provides planning and analytic

support to other bureaus in the division, and conducts other special projects relating to energy.

The Conservation and Renewable Energy Bureau's purpose is to reduce Montana's dependence on fossil fuels by encouraging energy conservation and the use of renewable resources. Bureau staff administers the Alternative Energy Grant and Loan Program, the State Buildings Energy Program, and approximately ten other federally-funded energy conservation programs. These programs provide loans for cost-effective energy conservation work on state-owned buildings, and grants and loans for high-potential renewable energy research, development, and commercialization. Under its various federal programs, the bureau: (1) promotes energy conservation in new and existing housing and commercial buildings through research, training, and technical assistance; (2) awards grants for cost-effective energy conservation work on schools and hospitals; (3) promotes fuel-efficient agricultural practices; and (4) provides information on energy conservation and renewable energy to teachers, students, and the general public.

Budget Issues

The main table shows 50.10 FTE in FY88 and a decrease to 40.00 FTE authorized for the Energy Division in the 1991 biennium. This decrease to 40.00 FTE is due to the fact that the oil overcharge funds, which were appropriated in HB621 for the 1989 biennium expenses of the Stripper Well State Buildings Program, and the modified-level employees authorized through the Major Facility Siting Act (MFSA)/Montana Environmental Policy Act (MEPA) 1989 biennium block appropriation are not included in current or modified-level budgets for the 1991 biennium. Personal services costs are adjusted accordingly and vacancy savings for the division is 2%.

Operating expenses appear to increase from FY88 to FY90 because there is \$2,686,398 of authority in the Facility Siting/MEPA Program for fees and mitigation, which are discussed below under this program. Without this authority, operating expenses decrease by 58% from FY88 to FY90 due to cessation of the oil overcharge funds and to budget

constraints. In addition, operating expenses in the FY88 base are understated by \$2,148 due to a prior year photocopy pool billing error which was credited to the department.

Equipment and grants are also discussed below by program. The debt service of \$5,939 in FY90 and \$5,938 in FY91 is the division's share of the lease-purchase contract for the department computer system.

General fund, which was \$435,142 in FY88, is replaced with coal tax revenues from the alternative energy research and

demonstration account pursuant to 90-4-103, MCA. State special and other revenue are shown in Table 3 below and discussed by program. The FY88 figures used in Table 3 below are the same as those utilized by both the Office of Budget and Program Planning and the LFA in 1991 biennium budget preparation, whereas the FY88 figures in the main table above are from statewide accounting reports and include one-time appropriations such as the oil overcharge funds.

Department of Natural Resources Table 3
Energy Division Current-Level Programs
FY88 Compared With FY90 and FY91 Recommendations

Program	Actual FY88	Recommended FY90	Recommended FY91
<u>Administration</u>			
FTE	4.00	4.00	4.00
Personal Services	\$143,725	\$106,058	\$106,241
Operating Expenses	15,078	24,902	25,001
Equipment	669	2,358	2,366
Total	\$159,472	\$133,318	\$133,608
<u>Funding:</u>			
General Fund	\$154,498	0	0
Alt Energy (02437)	0	\$118,318	\$118,608
Energy/FSD (03033)	4,974	15,000	15,000
Total	\$159,472	\$133,318	\$133,608
<u>Planning and Analysis</u>			
FTE	6.00	7.00	7.00
Personal Services	\$124,732	\$213,335	\$213,666
Operating Expenses	12,427	20,632	20,604
Equipment	2,220	1,884	2,968
Principal	0	921	842
Total	\$139,379	\$236,772	\$238,080
<u>Funding:</u>			
General Fund	\$139,354	0	0
Major Facility Siting	0	\$15,675	\$15,738
Alt Energy (02437)	0	192,114	193,324
Energy/FSD (03033)	25	0	0
Stripper-SBP	0	28,983	29,018
Total	\$139,379	\$236,772	\$238,080
<u>Facility Siting MEPA</u>			
FTE	5.00	5.00	5.00
Personal Services	\$122,592	\$146,742	\$146,815
Operating Expenses	18,004	2,699,574	1,014,487
Equipment	2,700	2,530	2,395
Capital	58,976	0	0
Local Assistance	21,500	0	0
Total	\$223,772	\$2,848,846	\$1,163,697
<u>Funding:</u>			
General Fund	\$140,799	0	0
Major Facility Siting	0	\$1,005,387	\$1,005,324
Alt Energy (02437)	0	153,459	158,373
Lake Broadview Mitigation	0	40,000	0
Rock Creek Mitigation	82,973	1,650,000	
Total	\$223,772	\$2,848,846	\$1,163,697
<u>Conservation</u>			
FTE	24.00	24.00	24.00
Personal Services	\$468,313	\$634,280	\$635,865

Program	Actual FY88	Recommended FY90	Recommended FY91
Operating Expenses	329,469	279,832	278,797
Equipment	14,211	8,400	4,200
Grants	78,755	255,000	255,000
Principal/Debt Serv.	0	5,018	5,096
Total	\$2,073,278	\$1,182,530	\$1,178,958
Funding:			
Alt Energy (02437)	\$228,148	\$165,025	\$163,603
Energy/FSD	662,600	579,308	574,864
Warner Amendment	0	25,000	25,000
Exxon-SECP	0	85,990	87,000
Stripper-SECP	0	29,400	29,780
Stripper-SBP	0	58,307	58,486
Exxon-ICP	0	180,000	180,000
Exxon-EES	0	2,500	2,500
Diamond Shamrock-Admin	0	57,000	57,725
Total	\$2,073,278	\$1,182,530	\$1,178,958

It is important to note that, as shown in Table 3 above, the FY88 salaries for program administration are overstated and salaries for the Planning and Analysis Program and the Facility Siting/MEPA Program are understated because the division established leave pool accounts for its different accounting entities and assigned positions to these leave pool accounts in response to an audit recommendation. The entire general fund leave pool for annual leave, sick leave and holidays was accounted for in program administration, even though there were general fund expenditures for holiday pay and leave taken by employees in planning and in facility siting.

Administration - The 4.00 FTE from FY88 continue in the 1991 biennium and are budgeted at current level, although salaries appear to decrease due to leave pool accounting for FY88.

Operating expenses are budgeted at or below current level with an adjustment of \$15,000 each year of the biennium for the Bonneville Power Administration (BPA) coordination agreement. BPA funds this agreement to facilitate state participation in the review of existing and the development of new BPA policies and programs as they affect the interests and authorities of states in the Pacific Northwest. The department receives all bills when personnel of other state agencies or legislative representatives travel at the request of BPA under this agreement; the department prepares a quarterly report and billing for BPA and then reimburses the agencies for their expenses.

Equipment includes \$750 each year for microcomputer hardware and memory expansion boards, \$450 each year for software upgrades and \$1,158 in FY90 and \$1,166 in FY91 for a proportionate share of the department computer system.

General fund is replaced with funds from the alternative energy account and the \$15,000 is the BPA coordination agreement authority.

Planning and Analysis - There were 6.00 FTE in FY88 and 7.00 FTE are recommended each year of the 1991 biennium as a result of transferring one position from the Centralized Service Division in accord with the department's goals and objectives for the next biennium. This position, previously supported with general fund, is to be funded with interest earnings on the stripper well oil overcharge funds in the 1991 biennium. There is 0.50 FTE included in the MFSA authority to account for work that is expected to be performed using fees collected pursuant to the provisions of

both MFSA and MEPA. Personal services are budgeted at current level.

Operating expenses, for the most part, are budgeted at or below current level. There is an adjustment for printing to enable reprints of the Montana Energy Emergency Contingency Plan and printing historical energy statistics, which is the only comprehensive energy data source for the state and was not published last biennium due to revenue cutbacks. An adjustment for out-of-state travel was made because regional and federal issues have greater financial implications for the state than most local issues.

Equipment in FY90 includes \$100 for a calculator; \$800 for a printer, memory expansion boards and hardware; \$800 for software; and \$184 for the bureau's share of the department computer system. Equipment in FY91 includes \$1,900 for microcomputer hardware and graphics tape backup units; \$800 for software; and \$268 for the department computer system.

General fund is replaced with alternative energy, the 0.50 FTE is supported with MFSA fees and the 1.00 FTE transferred to this bureau is funded with interest earnings on stripper oil overcharge funds.

Facility Siting/MEPA - The 5.00 FTE authorized for FY88 are continued in the 1991 biennium, including 0.30 FTE budgeted under MFSA to account for work that is expected to be performed using fees collected under provisions of the MFSA or MEPA.

Operating expenses are budgeted at or below current level with the exception of a \$991 out-of-state travel adjustment each year for clearinghouse meetings on continuing research into the effects of electrical and magnetic field strengths associated with proximity to transmission lines and the following appropriations: (1) a \$40,000 biennial appropriation for the Lake Broadview mitigation trust fund to carry out measures ordered by the BNRC for the Colstrip-Townsend 500-kV transmission lines; (2) a \$1,650,000 biennial appropriation for the Rock Creek mitigation trust fund to carry out measures required by the Rock Creek Stipulation and an order from the BNRC for the 500-kV transmission line crossing at Rock Creek; and (3) \$996,398 in FY90 and \$996,335 in FY91 for block appropriation authority to expend filing fees paid by applicants seeking MFSA certification of proposed energy facilities or applicants for state permits which trigger the MEPA. If no proposals are made, no funds will be available to spend under this block appro-

priation authority. This authority is the same as the 1987 Legislature approved for each year of the 1989 biennium to provide for modified-level FTE and/or outside consultants to enable completion of work within statutory time frames as applications are received and funds are available.

Equipment in FY90 is \$750 for microcomputer hardware and \$750 for software, plus \$1,030 for a proportionate share of the department computer system. Equipment in FY91 is \$900 for printer replacement and hardware, \$450 for software and \$1,045 for the department computer system.

General fund is replaced with alternative energy. The MFSA appropriation is the block authority described in operating expenses item 3 above plus 0.30 FTE budgeted for work that is expected to be performed. Biennial appropriations are the Lake Broadview mitigation trust at \$40,000 and Rock Creek at \$1,650,000.

Conservation - There were 24.00 FTE in FY88 for current-level programs and these positions are continued in the 1991 biennium with personal services budgeted accordingly. Personal services are understated in the FY88 base for the State Energy Conservation Program (SECP) and the Energy Extension Service (EES) Program because expenditures of oil overcharge funds appropriated for these programs in HB621 have been removed.

Likewise, operating expenses are understated in the FY88 base due to removal of oil overcharge funds. Nonetheless, operating expenses decrease by 15% from the FY88 continuing base to FY90 due to a combination of the agency requesting less and of revenue shortfall. There are increases for supplies, communications and travel which are offset by reductions in other areas.

In addition, it is recommended that the general appropriations act include the following language authority: The department may spend up to \$25,000 it may receive from the Montana Power Company and up to \$20,000 it may

receive from the Western Area Power Administration for the purpose of conducting builder training and agricultural workshops.

Equipment for FY90 includes \$6,000 for microcomputer hardware and \$2,400 for software upgrades, energy models, data base for inventory of biomass resources and the department computer. Equipment for FY91 includes \$2,000 for microcomputer hardware and \$2,200 for software upgrades.

Grants are \$255,000 each year comprised of the following: (1) \$25,000 of Warner Amendment oil overcharge interest for the Institutional Conservation Program (ICP) to fund energy conservation retrofits in public and private nonprofit schools and hospitals, and which must be spent for this purpose based on the original FY83 appropriation; (2) \$180,000 for the ICP from interest earned on Exxon oil overcharge funds that were appropriated for this purpose in the 1989 biennium; and (3) \$50,000 for the Residential Construction Demonstration Program from the BPA to fund more energy efficient, electrically-heated home construction in the BPA service area.

Utilization of the alternative energy research development and demonstration account decreases from FY88 to the 1991 biennium because the scope of monitoring activities has been reduced and because there are no alternative energy grant funds budgeted.

A current-level budget adjustment has been made to raise overall funding for the SECP and EES Program to a level that is comparable to the appropriation provided by the last legislature in HB2. No effort has been made to replace the lost HB621 oil overcharge funds. The federal courts and the U. S. Department of Energy have indicated that oil overcharge funds committed in a program plan and the interest earned on those funds are program funds that must be expended in the same federal program. Interest earned is appropriated for these programs in the 1991 biennium in accord with federal stipulations.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	895.67	907.17	862.67	820.37
Personal Services	18,340,583.31	19,480,589	19,346,777	18,565,253
Operating Expenses	31,501,098.68	33,748,208	30,170,694	28,225,511
Equipment	641,749.30	566,649	480,792	249,902
Local Assistance	6,339,371.50	6,660,000	6,367,800	6,367,900
Benefits and Claims	5,367.66	4,632	5,000	0
Transfers	15,112,616.29	24,076,776	10,825,700	9,877,600
Debt Service	0.00	0	170,497	170,497
Total Agency Costs	\$71,940,786.74	\$84,536,854	\$67,367,260	\$63,456,663
General Fund	17,077,838.84	17,543,272	18,260,522	16,907,821
State Special Revenue Fund	10,310,994.34	18,536,750	7,966,293	7,925,386
Federal & Other Spec Rev Fund	1,586,228.05	1,690,185	1,404,459	1,396,543
Proprietary Fund	42,965,725.51	46,766,647	39,735,986	37,226,913
Total Funding Costs	\$71,940,786.74	\$84,536,854	\$67,367,260	\$63,456,663
Current Level Services	71,663,285.95	84,536,854	66,619,359	63,825,702
Modified Level Services	277,500.79	0	747,901	-369,039
Total Service Costs	\$71,940,786.74	\$84,536,854	\$67,367,260	\$63,456,663

Agency Description

The principal responsibility of the department is to collect and enforce approximately 31 state taxes and fees. The department is also responsible for regulating the sale and distribution of alcoholic beverages. The department is organized into nine programs:

Director's Office provides overall direction to the eight operating divisions within the agency;

Centralized Services provides centralized management and administrative services to all parts of the department;

Data Processing provides systems development, data entry, computer operations, microcomputer support, and research to all parts of the department;

Investigations and Enforcement administers the investigation program and child support enforcement program;

Liquor Enterprise regulates the sale and distribution of alcoholic beverages in the state;

Income and Miscellaneous Tax administers and enforces the state personal income tax laws and numerous other taxes;

Natural Resource and Corporation Tax administers 17 different taxes in addition to administering the Federal Royalty Audit Programs;

Property Assessment values taxable property and assists local appraisers and assessors;

Motor Fuels enforces compliance and administers license taxes on gasoline and diesel fuels. It also administers the refund provisions of the tax laws, supervises the bonding requirements of distributors, dealers and users to insure the proper collection of the license taxes, and issues permits and licenses.

DIRECTORS OFFICE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	14.50	14.50	14.50	14.50
Personal Services	478,540.98	508,707	503,866	504,954
Operating Expenses	150,132.21	238,488	266,372	160,938
Equipment	16,245.76	10,700	0	0
Benefits and Claims	5,367.66	4,632	5,000	0
Total Program Costs	\$650,286.61	\$762,527	\$775,238	\$665,892
General Fund	515,054.95	583,150	595,565	534,488
State Special Revenue Fund	87,361.66	99,845	103,271	81,958
Proprietary Fund	47,870.00	79,532	76,402	49,446
Total Funding Costs	\$650,286.61	\$762,527	\$775,238	\$665,892
Current Level Services	650,286.61	762,527	775,238	665,892
Total Service Costs	\$650,286.61	\$762,527	\$775,238	\$665,892

Program Description

The Director's Office provides management control, coordination of policy direction, strategic planning, and legal and personnel services that assist the tax programs in carrying out their respective collection and enforcement responsibilities. This office provides detailed studies concerning the impact on state and local revenue sources caused by legislative action, executive decisions, and changes in economic patterns. It provides a fact-finding service to the legislative and executive branches of state government, to the public and others interested in revenue issues in the state. In addition, it publishes major statistical reports on Montana taxation and a summary of all taxes, licenses and fees of the state.

The program includes a wide variety of management and administrative services such as legal services, planning and research, and personnel.

The purpose of the program is to improve the efficiency of departmental operations, increase the speed and accuracy with which tax payments are handled, and increase the degree of taxpayer compliance with state laws.

Budget Issues

The FTE level in the 1990-91 biennium remains the same as in FY88.

Operating expenses show a significant increase from FY88 to FY90. This is attributable to an increase in insurance costs and audit fees for the department. Insurance costs are the main increase from FY88 to FY91. Benefits shown in FY88 are for the public campaign fund. Revenues for the public campaign fund come from a checkoff on the individual income tax form. A statutory appropriation (15-37-304, MCA) of \$5,000 is included in FY90 for the fund.

Funding for this division is comprised of approximately 12% from the highway special revenue account. Liquor Division funds support approximately 7% of the base budget. Support of \$26,979 is included for the Liquor Division's share of the audit in FY90. The statutory appropriation of \$5,000 for the public campaign fund is included in the state special revenue fund category. The remaining funding is general fund.

CENTRALIZED SERVICES DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	34.04	35.27	35.27	35.27
Personal Services	693,282.70	710,055	731,417	733,243
Operating Expenses	124,350.05	142,076	126,005	122,186
Equipment	37,078.01	24,103	0	0
Local Assistance	2,337,830.30	2,365,000	2,192,000	2,138,000
Transfers	2,775,093.41	10,794,776	0	0
Total Program Costs	\$5,967,634.47	\$14,036,010	\$3,049,422	\$2,993,429
General Fund	848,110.76	869,634	850,820	848,842
State Special Revenue Fund	5,112,923.71	13,159,776	2,192,000	2,138,000
Federal & Other Spec Rev Fund	6,600.00	6,600	6,602	6,587
Total Funding Costs	\$5,967,634.47	\$14,036,010	\$3,049,422	\$2,993,429
Current Level Services	5,967,634.47	14,036,010	3,049,422	2,993,429
Total Service Costs	\$5,967,634.47	\$14,036,010	\$3,049,422	\$2,993,429

Program Description

The Centralized Services Division provides services to all department divisions. In addition, the division provides bad debt collection and write-off service to all state agencies by collecting debts owed and writing off uncollectible debts. The program also administers the beer and wine statutes regarding department tax collections.

Specific responsibilities include:

- Recording, summarizing, analyzing and reporting budget and accounting data including cash receipts, distribution and payment of invoices;
- Maintaining beer and wine tax collection records and completion of monthly collection reports;
- Providing centralized payroll services and position control services for all divisions;
- Maintaining records for all department fixed assets;
- Performing inventory, fiscal and performance audits of all state liquor stores;
- Depositing all tax collections for the department;
- Receiving and distributing all department mail;
- Maintaining a supply operation for liquor stores and a purchasing function for department purchases;

- Maintaining a revenue-producing debt collection service for all state agencies.

Budget Issues

The level of FTE remain the same as that authorized in FY88. Actual FY88 FTE declined by 1.23 FTE due to a transfer of 1.50 FTE to other programs and a transfer of 0.27 FTE to the division from other programs. The budget for the biennium reflects these FTE returning to this program.

Operating expenses remain at approximately the same level as FY88. The local assistance category includes the statutory appropriations for the return of liquor, beer, and wine tax revenues to counties (16-1-401-411, MCA). The transfers category was for the transfer of interest earnings from the resource indemnity trust fund (RIT). Language authority in the appropriations bill provided for this transfer in the last biennium. The RIT projects, themselves, are appropriated through separate legislation.

The state special revenue fund is the appropriation authority to return alcohol tax revenue to the counties. The federal funds are for administrative support of the child support enforcement program. The general fund also provides funding for the division.

DATA PROCESSING DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	54.33	59.50	56.50	56.50
Personal Services	1,219,268.83	1,287,670	1,395,979	1,398,364
Operating Expenses	203,283.19	217,242	239,635	216,847
Equipment	0.00	25,776	0	0
Total Program Costs	\$1,422,552.02	\$1,530,688	\$1,635,614	\$1,615,211
General Fund	914,093.02	1,033,199	1,141,197	1,127,458
Federal & Other Spec Rev Fund	87,755.00	75,109	0	0
Proprietary Fund	420,704.00	422,380	494,417	487,753
Total Funding Costs	\$1,422,552.02	\$1,530,688	\$1,635,614	\$1,615,211
Current Level Services	1,334,797.02	1,530,688	1,520,346	1,499,856
Modified Level Services	87,755.00	0	115,268	115,355
Total Service Costs	\$1,422,552.02	\$1,530,688	\$1,635,614	\$1,615,211

Program Description

The Data Processing Division provides automated data and word processing services, detailed systems requirements analysis, systems development and maintenance services, data entry services, computer operations support services, technical support for departmental and personal computers, and research services relating to tax policy, revenue estimating, and Montana tax laws.

Computer Operations schedules the daily operation of all department production data processing systems, insures that all processing has successfully executed, and prepares and routes all computer outputs to the proper destination.

Technical Support provides support services for departmental computers, evaluates computer hardware and systems software needs, recommends purchases of computer hardware and systems software, and establishes and maintains security for limiting access to all department information systems.

Data Entry/Text Administration converts all department information from written to machine readable form, transfers information for computer processing, prioritizes the data entry work load, develops standards and policies for word processing, prioritizes interdepartmental word processing request, and acts as liaison between users of word processing resources and word processors.

Systems Development provides system analysis and programming support required to develop and maintain mainframe based systems for the department. This support function includes preparing feasibility studies and requirements analysis for proposed systems, analyzing data processing needs and objectives, providing cost benefit analysis for proposed systems, estimating operating costs for proposed and existing systems, assuring department-wide system compliance with state laws and department policies, implementing and testing new systems, and maintaining existing systems.

Microcomputer Support provides system analysis and programming support required to develop and maintain microcomputer based systems for the department; provides technical support for evaluation, installation and maintenance of all microcomputer hardware, local area networks,

and software; and develops policies and procedures for the procurement and use of microcomputers in the department.

Research provides detailed studies concerning the impact on state and local revenue sources caused by legislative action, executive decisions, and changes in economic patterns; provides fact-finding services to the legislative and executive branches of state government, to the public and others interested in revenue issues in the state; and annually provides adjustment for real property values to reflect changing market conditions. In addition, it publishes major statistical reports on Montana taxation and a summary of all taxes of the state.

Budget Issues

The actual FY88 FTE level changes from the FY88 authorized level of 52.50 FTE due to a net transfer of 1.83 FTE into the division. The FTE level for FY90-91 includes 1.00 FTE (Microcomputer Specialist) from the Directors Office and 6.00 FTE (Adjustment of Appraisal Values-HB436) from Property Assessment that were transferred into the program during the 1988-89 biennium. These positions remain for the biennium. The Property Assessment Division's computer assisted appraisal system will result in a reduction of 3.00 FTE (Data Entry Operators) in the biennium.

Operational costs increase slightly in the biennium due to additional data network and information center charges.

Proprietary funds for this program make up approximately 31% of the budget. The monies come from the Liquor Division for data processing services. The remainder of the budget is funded from the general fund. The federal funding in FY88 was for HB436 that was funded from the local impact and education trust fund.

Modification Request

Adjustment of Appraisal Values-HB436 - This modification request continues the program to make annual adjustments to property appraisal values that was instituted in the 1988-89 biennium. Only a request for personal services of 6.00 FTE is included; two mathematical statisticians and four data entry operators. Funding is changed from the local impact and education trust fund to the general fund. The cost for FY90 is \$115,268 and FY91 is \$115,355.

**INVESTIGATION AND ENFORCEMENT
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	72.50	72.00	78.00	78.00
Personal Services	1,666,098.03	1,682,590	1,846,320	1,850,780
Operating Expenses	527,837.82	506,679	581,673	570,559
Equipment	56,829.44	22,089	178,287	170,606
Local Assistance	23,505.10	195,000	50,000	50,000
Total Program Costs	\$2,274,270.39	\$2,406,358	\$2,656,280	\$2,641,945
General Fund	548,211.50	573,449	597,018	593,830
State Special Revenue Fund	230,507.13	238,348	505,900	504,799
Federal & Other Spec Rev Fund	1,226,203.77	1,326,171	1,265,937	1,257,223
Proprietary Fund	269,347.99	268,390	287,425	286,093
Total Funding Costs	\$2,274,270.39	\$2,406,358	\$2,656,280	\$2,641,945
Current Level Services	2,262,272.60	2,406,358	2,347,620	2,334,634
Modified Level Services	11,997.79	0	308,660	307,311
Total Service Costs	\$2,274,270.39	\$2,406,358	\$2,656,280	\$2,641,945

Program Description

The Investigations and Enforcement Division oversees the operation and interprogram functioning of the Investigations and Child Support Enforcement Bureaus.

Bureau Operations-Investigations

The Investigations Bureau performs the criminal and regulatory investigative functions required by state and federal statute. Specific areas of responsibility are alcohol beverage control, video gaming enforcement public assistance fraud investigation, cigarette tax enforcement, criminal income tax, and intra departmental investigation as well as special investigation when required.

All persons and organizations involved in the sale of alcoholic beverages including retailers, distributors, representatives, brewers, distillers, and carriers must obtain a license to operate. Applications are processed by the Liquor Division and all applicants are investigated by the Investigations Bureau. In addition, the Investigations Bureau enforces Montana alcohol beverage control laws on the state's 3,019 licensed premises.

All video gaming machines placed for play in the state must be inspected. In addition to inspecting machines the Investigations Bureau provides law enforcement to control the manner in which the state's 7,296 licensed machines operate. The investigators also detect and seek prosecution of machine tampering.

The Investigations Bureau has the sole responsibility for the investigation of public assistance fraud. The bureau annually receives over 180 requests to investigate provider and recipient fraud involving over \$500,000 in public assistance monies.

Bureau Operations-Child Support Enforcement

The Child Support Enforcement Bureau (CSEB) operates a revenue generating, cost effective program authorized by Part D of Title IV of the Social Security Act. It was created for the purpose of establishing, enforcing, and collecting support obligations owed by absent parents to their children and the spouses (or former spouses) with whom such children are living. Additionally locating absent parents, establishing paternity, and obtaining child and spousal support

offsets taxpayer monies paid out for children to whom public assistance is granted.

The bureau works on two distinct types of cases which are categorized by family type. Families who are receiving Aid to Families With Dependent Children (AFDC) must, at the time of application, assign to the state their rights to past, present and future child support for as long as they are receiving public assistance. The state then attempts to collect child support to offset AFDC Program expenditures and to provide stability in child support payments. These efforts are undertaken in part to allow the custodial parent and children to get along without public assistance.

The second type of family helped by the CSEB is that with children who are not receiving support from an obligated parent and who are not receiving public assistance. These cases are categorized as Non-AFDC. An application is made to the CSEB for services and collection efforts are then made. The CSEB attempts to recover part of the costs for this activity from the obligor parent.

The CSEB generates state revenue from three sources:

- the recovered AFDC funds originally paid out by the state of Montana;
- the federal incentives paid to states for operating a cost effective program; and
- any collected fees.

The AFDC dollar is comprised of 66% federal funds, 27% state funds and 7% county funds. (In state assumed welfare offices, the state share is 34% and the county share is 0%.) For every AFDC related child support dollar collected, the Montana general fund receives 27% as reimbursement. The state is also paid a minimum of 6% from total AFDC dollars recovered as an incentive for running a cost effective program. This incentive is paid by the federal government through subtracting the 6% from their collection share.

The federal government also pays Montana a minimum 6% incentive on the total Non-AFDC collection amount. Federal fiscal year 1986 was the first time this incentive was paid. At present the CSEB manages 17,000 AFDC cases and 2,000 Non-AFDC cases.

Budget Issues

The 50th Legislature authorized 72.50 FTE in FY88 and 72.00 FTE in FY89 for this program. The 1990-91 biennium request includes 72.00 FTE for current level services and 6.00 FTE for modified level services. Operating expenses increase slightly due to additional charges for supplies and materials, communications, and rent. Equipment purchases increase due to the modification requests. Major current level purchases include motor vehicles worth \$21,023 in FY90 and \$19,702 in FY91, and micro computer equipment worth \$5,964 in FY90 and \$3,700 in FY91.

The local assistance category includes \$15,000 each year for county reimbursements for welfare fraud and \$35,000 each year for child support enforcement reimbursements to county government.

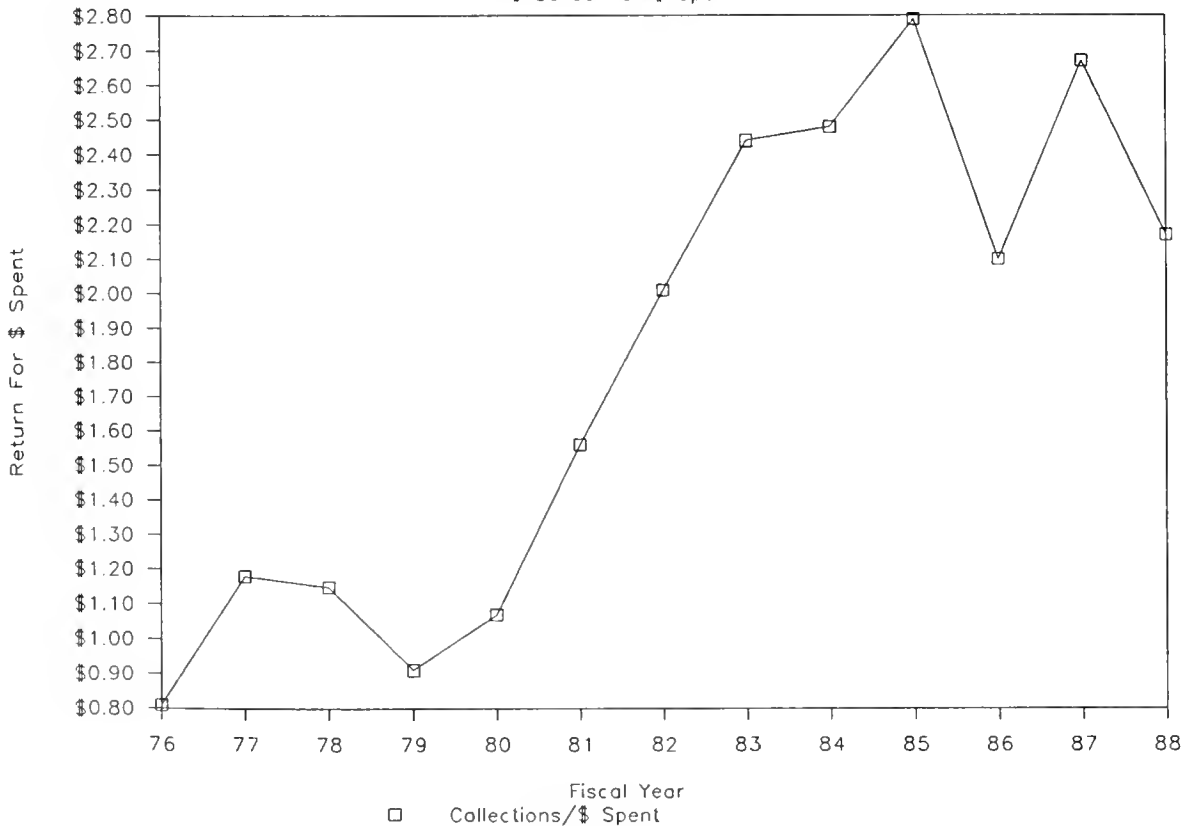
Table 1 and the corresponding graph display for every dollar spent how much the state has saved through child support enforcement. The average since FY82 has been over two state dollars saved for every state dollar spent. This is the net reimbursement to the state. Total collections are also distributed to the custodial parent, the federal government, and county government. The decrease in child support performance cost effectiveness from FY85 to FY86 and from FY87 to FY88 is attributable to the decrease in the federal financial participation rate.

Department of Revenue Table 1
Child Support Performance Cost Effectiveness
Dollars Saved Per Dollars Spent
Fiscal Years 1976-1988

FY	Amount
76	\$0.81
77	1.18
78	1.15
79	0.91
80	1.07
81	1.56
82	2.01
83	2.44
84	2.48
85	2.79
86	2.10
87	2.67
88	2.17

Child Support Effectiveness

\$ Saved Per \$ Spent



State special revenue funding comes from the video poker investigations fund. The federal special revenue fund includes child support, welfare fraud, child support enforcement, and medicaid fraud. The proprietary fund is from the liquor division budget. The remaining funding is general fund.

Modification Request

Video Poker Investigation - This is a modification request to enhance the video poker investigation program. This

modification includes both a Department of Commerce request for contracted services for video poker investigation and the Gaming Advisory Council recommendations for enhanced gaming enforcement. Four FTE investigators are requested. There is the possibility of performing workers' compensation fraud investigation work due a Workers' Compensation Division modification request for contracted services. There should be sufficient FTE available to perform the additional work. Funding is 100% state special revenue. Costs for FY90 are \$254,458 and FY91 \$254,517.

Equipment costs total \$146,224 in FY90 and \$146,203 in FY91. Included are requests for motor vehicles, radios, micro computer equipment, and duplicating equipment.

Child Support Enforcement - This modification request adds staff to the Child Support Enforcement Bureau to avoid any sanctions that might be imposed against AFDC. Two FTE are requested. Funding is 34% general fund and 66% federal funds. The cost for FY90 is \$54,026 and for FY91 is \$52,645.

LIQUOR DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	145.50	145.50	125.00	125.00
Personal Services	2,916,879.14	3,410,345	2,917,515	2,930,337
Operating Expenses	26,956,970.50	29,154,000	25,035,367	23,595,684
Equipment	16,431.00	150,000	99,160	0
Transfers	12,337,522.88	13,282,000	10,825,700	9,877,600
Total Program Costs	\$42,227,803.52	\$45,996,345	\$38,877,742	\$36,403,621
Proprietary Fund	42,227,803.52	45,996,345	38,877,742	36,403,621
Total Funding Costs	\$42,227,803.52	\$45,996,345	\$38,877,742	\$36,403,621
Current Level Services	42,227,803.52	45,996,345	38,877,742	36,403,621
Total Service Costs	\$42,227,803.52	\$45,996,345	\$38,877,742	\$36,403,621

Program Description

The Liquor Division administers the provision of Title 16, MCA, relating to the control, sale and distribution of alcoholic beverages and the licensing of manufacturers, wholesalers and retailers of alcoholic beverages.

The division orders all merchandise for distribution and sale through the state retail liquor stores/agencies, publishes a retail price list on a quarterly basis, prepares analysis on new products and sales patterns of existing products and audits all merchandise invoices and freight claims.

The division warehouse receives and stores all alcoholic beverage merchandise ordered, assembles orders from individual state retail liquor stores/agencies and schedules shipment by the most economical means and routes.

The division also supervises and evaluates all phases of state retail store and agency operations, analyses and audits retail outlets financial condition and profit potential, negotiates store leases and evaluates bids for selection of agencies, develops and implements merchandising/marketing techniques and training programs for store personnel and agents.

State liquor stores and agencies maintain an adequate variety of listed alcoholic beverage products in inventory for direct sale to retail licensees and the public, maintain store premises in a well kept attractive manner and conduct in-store merchandising and marketing programs.

Additionally, the division determines qualifications of applicants for the manufacture, wholesale and retail licenses, issues licenses, and processes annual renewals of licenses and registrations. The bureau schedules hearings as required, represents the department at such hearings and prepares records of the hearings.

Budget Issues

The recommended budget for the Liquor Division represents the Legislative directive to continue to convert state owned and operated stores to agency stores as current lease agreements expire. This policy is represented in the reduced level of FTE in the 1990-91 biennium when compared to the FY88 level. Operating expenses decline over the biennium due to a reduction in goods purchased for resale, which is attributable to the trend toward decreased consumption. A replacement cash register system is the only expenditure in the equipment category. The system will utilize personal computers that will readily allow both code and price changes to be made uniformly throughout the large volume stores. The old cash registers are no longer adequately supported for code changes and maintenance. The transfers category is for the transfer of revenue from liquor taxes and liquor profits to the general fund and the state special revenue fund for alcohol treatment.

INCOME TAX
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	105.55	108.15	115.15	116.15
Personal Services	2,071,848.44	2,261,732	2,462,585	2,490,719
Operating Expenses	1,019,499.40	1,042,455	1,183,744	1,155,699
Equipment	21,572.78	114,576	126,546	1,200
Total Program Costs	\$3,112,920.62	\$3,418,763	\$3,772,875	\$3,647,618
General Fund	2,969,279.33	3,148,828	3,375,174	3,263,259
State Special Revenue Fund	143,641.29	269,935	397,701	384,359
Total Funding Costs	\$3,112,920.62	\$3,418,763	\$3,772,875	\$3,647,618
Current Level Services	3,112,920.62	3,418,763	3,463,254	3,429,584
Modified Level Services	0.00	0	309,621	218,034
Total Service Costs	\$3,112,920.62	\$3,418,763	\$3,772,875	\$3,647,618

Program Description

The Income and Miscellaneous Tax Division administers and enforces the Montana personal income, withholding, miscellaneous, inheritance, and accommodation taxes. This includes partnership returns, fiduciary and trust returns, estimated income tax, filing extensions and elderly homeowner/renter credit.

The goals of the program are to:

- achieve and maintain a cost effective level of compliance with the state tax laws in a manner respectful of all citizens;
- account for tax returns and payments;
- collect delinquent taxes;
- simplify reporting requirements; and
- promptly issue tax refunds.

Major activities include providing assistance to taxpayers and employers on filing returns, performing audits to ensure accurate and complete returns, identifying noncompliance with the tax laws, issuing tax refunds, and managing the accommodation tax.

The program provides many services to the public. Forms and instructions are distributed to taxpayers through the mail or at the many distribution points around the state. Toll free telephone lines are available to taxpayers and practitioners for tax questions. Volunteers are trained by the division staff to assist others in completing their returns. Direct assistance in completing returns is available in some cities. Small business clinics are conducted to inform employers of the requirements for state tax withholding. Training programs are given to practitioners on changes in tax laws and regulations.

Ensuring that all taxpayers pay their fair share is an important part of the program. Audit staff working both in the office and at the taxpayer's location audit returns and tax records. Reports from other state agencies and the Internal Revenue Service are matched against the state tax records to identify nonfilers. Unpaid taxes are pursued by collectors.

Arrangements are made to have the taxes paid. Disputed tax assessments are resolved through discussions, informal conferences and formal hearings.

Budget Issues

The actual FY88 FTE level increases from the authorized level of 103.65 FTE due to the addition of 2.00 FTE for administration of the accommodation tax and a transfer of 0.10 FTE to the Centralized Services Division. The request for FY90-91 includes both the 2.00 FTE and the 0.10 FTE, but excludes 0.50 FTE that was transferred to the Central Services Division in FY89. Three tax examiners were transferred to this program in the 1988-89 biennium from the Motor Fuels Tax Division. These 3.00 FTE are included in the 1990-91 biennium. The additional 7.00 FTE in FY90 and 8.00 FTE in FY91 are attached to the modification requests outlined below.

Current level operating expenses increase due to additional computer processing charges for the accounts receivable system and the income tax system that were previously approved by the legislature. Equipment purchases are for computer equipment associated with the Enhance Selective Audit Program modification. Accommodation tax expenses remain at the 2% level of revenues that the enabling legislation imposed. Costs for collecting the emergency telephone system fee remain at slightly less than 1% of revenues (10-4-302, MCA).

This program is funded from general funds and from state special revenue which includes unclaimed property funding, cigarette enforcement funds, highway special revenue, and non-game wildlife checkoff funds.

Presented in Table 2 and the graph are levels of audit revenue collected by the program for calendar years 1984 through 1987 and projected revenue for calendar years 1988 through 1992. The table also includes the number of staff and the revenue per FTE.

Department of Revenue Table 2
Individual Income Tax Audit Revenues
Calendar Years 1984-1992

Year	Audit Revenue	Audit FTE *	Revenue/FTE
1984	\$8400,000	26.3	\$319,392
1985	7,900,000	26.3	300,380
1986	10,300,000	31.9	322,884
1987	11,007,000	31.9	345,047
1988p	12,650,000	32.6	388,037
1989p	13,100,000	33.6	389,881
1990p	13,500,000	33.6	401,786
1991p	13,600,000	33.6	404,762
1992p	13,700,000	33.6	407,738

p - Projected

* - Audit FTE are based on a fiscal year basis.

Individual Income Tax Audit Revenues

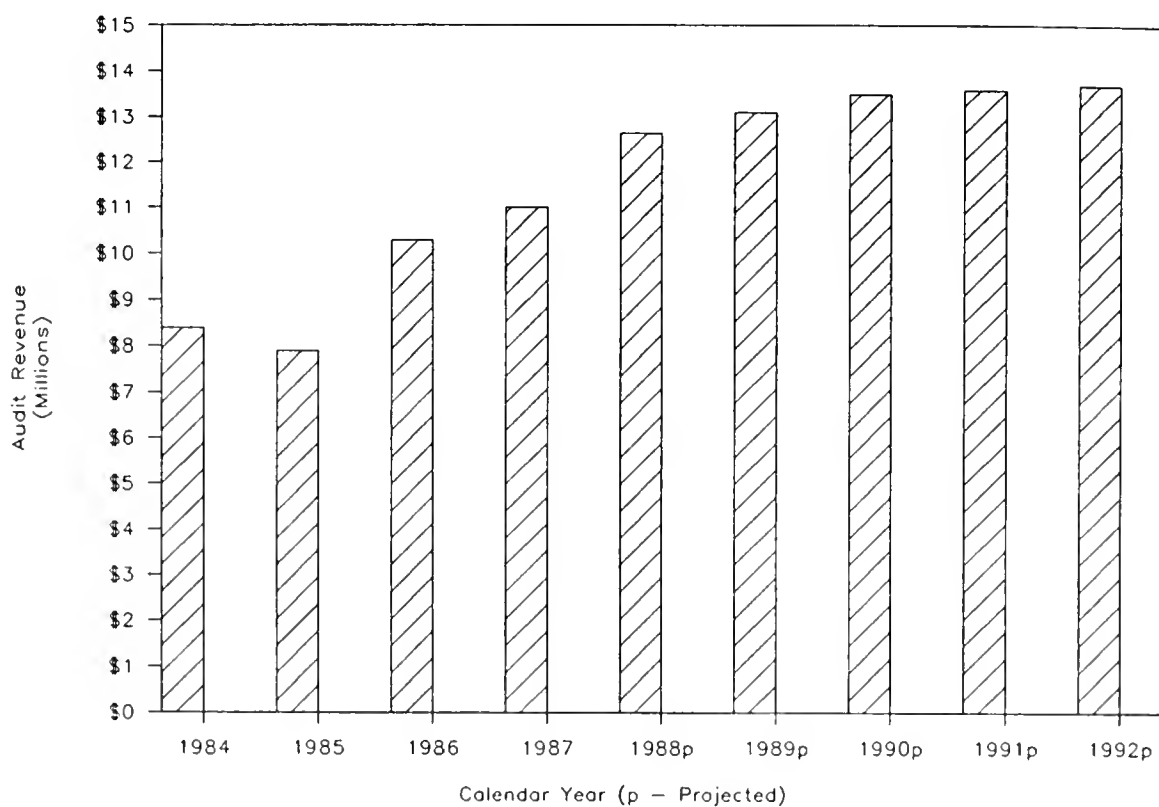


Table 3 provides information on the various checkoff programs collected by this division.

Department of Revenue Table 3
Revenue From Individual Income Tax Checkoffs
Fiscal Years 1984-1988

Year	Public Campaign	Non-Game Wildlife	Child Abuse	Agriculture in Schools
1984	\$2,399	\$33,086		
1985	4,474	34,060		
1986	2,809	36,401	\$20,922	
1987	2,486	31,869	27,086	\$8,487
1988	2,136	24,616	20,732	8,727

Modification Request

Enhance Inheritance Tax Revenue - This is a modification request to enhance inheritance tax revenues by having an appraiser value property subject to inheritance tax. One FTE is requested for the appraiser. Funding is 100% state special revenue - unclaimed property fund. Costs for FY90 are \$42,478 and FY91 \$26,067. The department anticipates generating additional revenue of \$250,000 in FY90 and \$500,000 in FY91.

Enhance Collection Efforts - This is a modification request to generate additional revenue by enhancing collection efforts. Four FTE are requested; a Lawyer, a Financial Investigator, a Collection Specialist and a Collection Technician. Funding is 100% general fund. The cost for FY90 is \$138,408 and for FY91 is \$115,160. The department estimates an additional \$1,141,710 in FY90 and \$1,800,000 in FY91 will be collected as a result of this modification.

Enhance Selective Audit Program - This modification will enhance the selective audit program by adding additional PC's and creating a local area network (LAN). The LAN will connect the office audit and compliance sections allowing direct communication and sharing of taxpayer information. Funding is 100% general fund. The cost is \$57,500 in FY90 only. The department anticipates additional revenue of \$227,000 in FY90 and \$273,000 in FY91.

Enhance Unclaimed Property Program - This modification plans to develop an education program and an effective audit and compliance effort for the unclaimed property program. Three FTE are requested; three Auditors. Funding is 100% state special revenue - unclaimed property fund. The cost for FY90 is \$71,235 and for FY91 is \$76,807. The department projects additional revenue of \$250,000 in each year of the 1990-91 biennium.

CORPORATION TAX Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	35.00	35.00	35.00	35.00
Personal Services	949,326.18	948,073	998,647	1,002,619
Operating Expenses	318,036.17	328,722	332,531	336,776
Equipment	48,446.93	10,000	0	0
Local Assistance	3,978,036.10	4,100,000	4,125,800	4,179,900
Total Program Costs	\$5,293,845.38	\$5,386,795	\$5,456,978	\$5,519,295
General Fund	1,170,841.15	1,107,619	1,142,816	1,149,871
State Special Revenue Fund	4,035,082.95	4,157,048	4,182,242	4,236,691
Federal & Other Spec Rev Fund	87,921.28	122,128	131,920	132,733
Total Funding Costs	\$5,293,845.38	\$5,386,795	\$5,456,978	\$5,519,295
Current Level Services	5,293,845.38	5,386,795	5,456,978	5,519,295
Total Service Costs	\$5,293,845.38	\$5,386,795	\$5,456,978	\$5,519,295

Program Description

The Natural Resource and Corporation Tax Division administers 17 different taxes. These include Corporation License Tax, Oil & Gas Severance Tax, Coal Severance Tax, Metal Mines Tax, Gross & Net Proceeds Tax, Electrical Energy License Tax and the Resource Indemnity Trust Tax. The division also administers the state and federal royalty audit programs related to mineral production from state and federal lands located in Montana.

Budget Issues

The FTE level for this program remains constant. Personal Services increase slightly due to the career ladder for revenue agents that the legislature has authorized for their recruitment and retention. Operating expenses rise due to increased membership dues and audit fees for the Multistate Tax Commission (MTC). Montana has been a member of the MTC for 17 years and has received tremendous benefits in terms of audit collections. During the 1988-89 biennium the state has collected over \$600,000 as a result of audits

conducted by the MTC. The local assistance category reflects statutory transfers of funds to counties for increased oil and gas production (15-36-112, MCA) and the local share of corporation taxes paid by financial institutions (15-31-702, MCA).

Table 4 and the accompanying graph show revenue collected by corporation tax auditors for both corporation taxes and

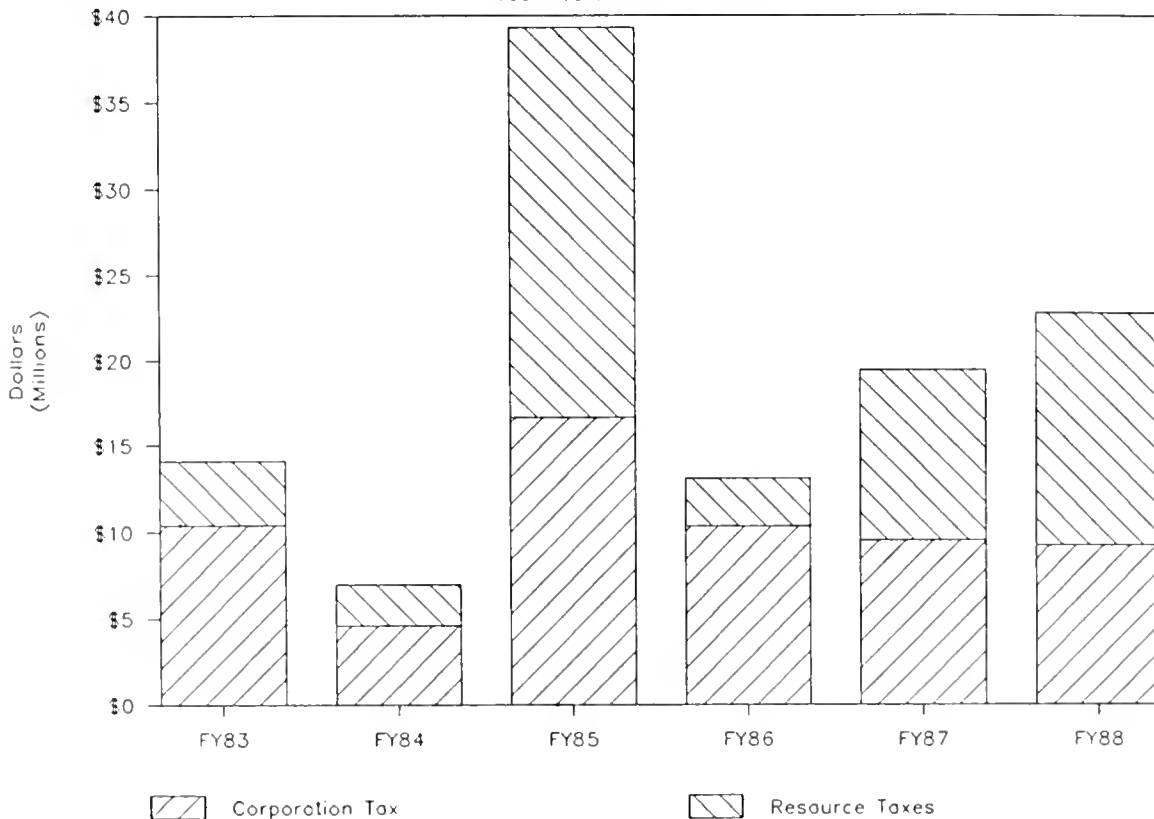
natural resource taxes. In FY85, \$10.5 million of the amount collected for corporation taxes was the result of an audit of ARCO. In addition, after review of the windfall profits tax, property value was amended in FY85 which resulted in additional natural resource taxes totalling almost \$18.9 million. These two occurrences explain the large increase in revenue shown in FY85.

Department of Revenue Table 4
Collections From Corporation Tax Auditors
Fiscal Years 1983 - 1988

Tax	FY83	FY84	FY85	FY86	FY87	FY88
Corporation Tax	\$10,396,020	\$4,616,498	\$16,627,269	\$10,312,274	\$9,530,184	\$9,203,317
Natural Resource Tax	3,687,780	2,375,770	22,694,057	2,761,158	9,874,428	13,522,977
Total Collected	\$14,083,800	\$6,992,268	\$39,321,326	\$13,073,432	\$19,404,612	\$22,726,294

Corporation Tax Audit Collections

Fiscal Years 1983 - 1988



Tables 5 and 6 and the corresponding graph show dollar refunds made for oil and gas. These refunds, authorized in section 15-36-112, MCA, are allocated to counties for increased production of oil and gas. HB776 exempts new

production from the oil and natural gas severance taxes for two years. County refunds show a decrease because of this exemption.

Department of Revenue Table 5
Oil and Gas County Refunds
Fiscal Years 1980-1987

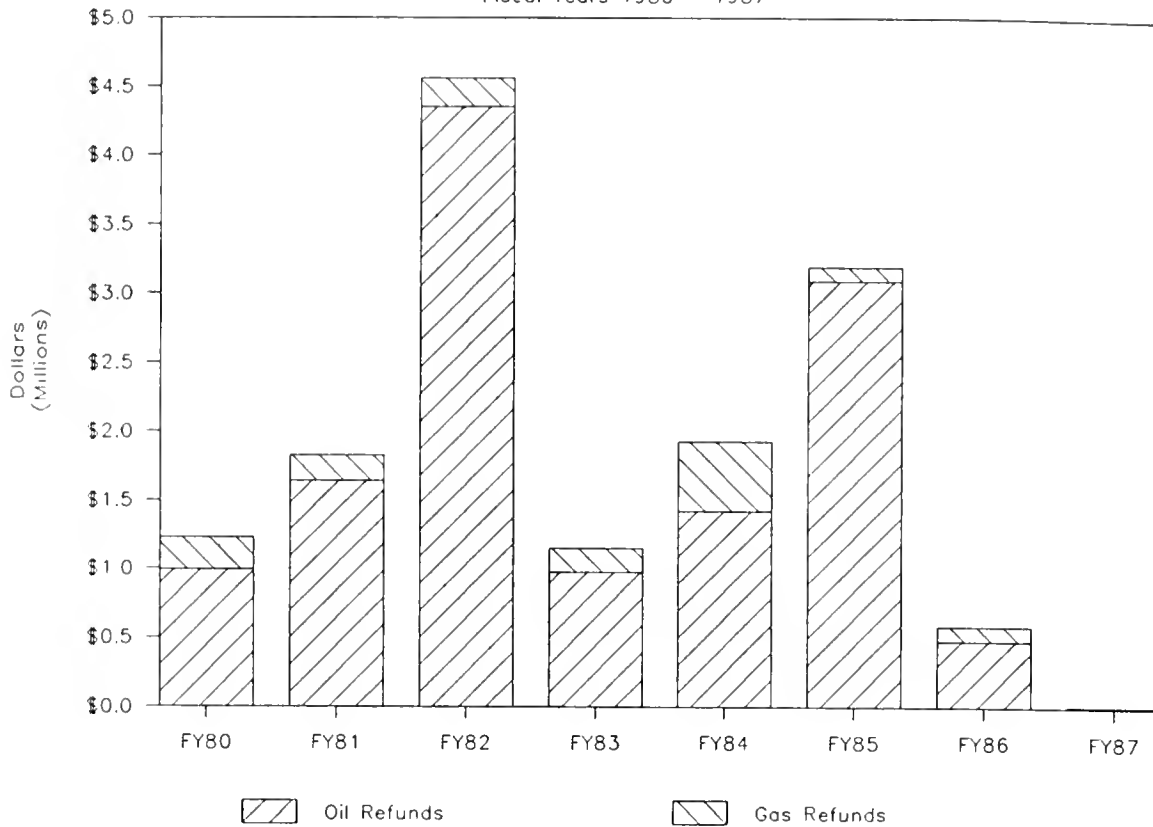
County	Oil	Gas	Total
Beaverhead	\$0	\$27	\$27
Big Horn	13,722	207	13,929
Blaine	103,762	358,256	462,018
Carbon	71,042	55,904	126,946
Carter	0	2,441	2,441
Chouteau	244	32,364	32,608
Custer	0	4,596	4,596
Daniels	44,026	36	44,062
Dawson	169,456	806	170,262
Fallon	1,588,947	25,860	1,614,807
Fergus	0	5,318	5,318
Garfield	208,575	0	208,575
Glacier	582	137,362	137,944
Golden Valley	18,534	5,900	24,434
Hill	5,238	198,178	203,416
Liberty	49,437	47,187	96,624
Madison	1,826	0	1,826
Mineral	0	180	180
Musselshell	395,794	0	395,794
Petroleum	166,001	528	166,529
Phillips	0	108,379	108,379
Pondera	209,337	86,052	295,389
Powder River	0	3,718	3,718
Prairie	85,506	0	85,506
Richland	2,962,373	36,753	2,999,126
Roosevelt	2,211,908	49,142	2,261,050
Rosebud	3,047	383	3,430
Sheridan	2,189,993	78,385	2,268,378
Stillwater	33,485	21,498	54,983
Teton	66,154	111,757	177,911
Toole	530,326	104,059	634,385
Treasure	0	1,407	1,407
Valley	1,344,171	45,900	1,390,071
Wibaux	83,317	8,321	91,638
Yellowstone	392,201	0	392,201
Total Refund	\$12,949,004	\$1,530,904	\$14,479,908

Department of Revenue Table 6
Oil and Gas Tax Refunds to Counties
Fiscal Years 1980 - 1987

	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87
Oil	\$992,489	\$1,644,110	\$4,353,485	\$973,190	\$1,422,334	\$3,087,474	\$475,922	\$0
Gas	234,107	183,790	206,760	176,928	509,262	104,910	106,915	8,232
Total	\$1,226,596	\$1,827,900	\$4,560,245	\$1,150,118	\$1,931,596	\$3,192,384	\$582,837	\$8,232

Oil and Gas Tax Refunds to Counties

Fiscal Years 1980 - 1987

PROPERTY VALUATION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	409.25	415.25	381.25	337.95
Personal Services	7,871,867.04	8,226,359	8,046,085	7,208,738
Operating Expenses	2,040,091.71	1,971,806	2,267,926	1,933,742
Equipment	378,037.38	189,405	73,424	77,096
Debt Service	0.00	0	170,497	170,497
Total Program Costs	\$10,289,996.13	\$10,387,570	\$10,557,932	\$9,390,073
General Fund	10,112,248.13	10,227,393	10,557,932	9,390,073
Federal & Other Spec Rev Fund	177,748.00	160,177	0	0
Total Funding Costs	\$10,289,996.13	\$10,387,570	\$10,557,932	\$9,390,073
Current Level Services	10,112,248.13	10,387,570	10,543,580	10,399,812
Modified Level Services	177,748.00	0	14,352	-1,009,739
Total Service Costs	\$10,289,996.13	\$10,387,570	\$10,557,932	\$9,390,073

Program Description

The Property Assessment Division is responsible for performing all tasks necessary to secure a fair, uniform, and equitable valuation of all taxable property within and among counties, between different classes of property, and between individual taxpayers.

Specific duties to accomplish this legislative mandate include:

- Completing reappraisal of all real property in accordance with the statutory time schedule;
- Valuing new construction and land use changes each year;
- Assessing personal property each year;
- Completing an annual sales assessment ratio study (within each of thirteen areas) for the purpose of

more closely approximating the market value of land and improvements for property tax purposes;

- Auditing taxpayer property tax returns to ensure all taxable property is reported;
- Centrally valuing railroad, public utility, and airline properties;
- Processing assessments of oil and gas net proceeds, coal gross proceeds, and metal mines gross proceeds;
- Ensuring property owners understand their property valuations and taxes;
- Defending the Department of Revenue in tax appeals before county and state tax appeal boards and the courts; and
- Conducting schools for assessors and appraisers.

The work is done in 56 counties, in state offices under the direct supervision of either an elected assessor (assessment office), an appraisal supervisor (appraisal office), or a county manager (appraisal/assessment combined office). Five area managers provide mid-level management supervision to the appraisal/assessment offices. Helena based division staff appraise all intercounty and industrial property, defend lawsuits, prepare rules, establish assessment and appraisal manuals, schedules and valuation procedures, provide computer support, and regularly audit county appraisal and assessment offices.

Budget Issues

The recommended budget for the Property Valuation Division reflects a decrease of 28.00 FTE in FY90 and 71.30 FTE in FY91 when compared to FY88. This is attributable to several factors. The department has entered into written agreements with nine counties to handle the payroll obligation for the assessor and deputy assessor. The department forwards the entire state funded portion (70%) of the assessor and deputy assessor's salary to the local government. In return, the local government assumes all payroll responsibilities for the elected assessor and deputy assessor. The FTE equivalent of 16.10 FTE for these positions were eliminated and the dollar amounts for the state portion of the assessor and deputy assessor salaries were included in the operating expenses. The negative modifications described below also result in the reduction of the FTE level. Health insurance benefits for elected county assessors were removed from the budget due to a recent Attorney General's opinion that the State of Montana is not responsible for paying the health insurance benefits of elected county officials.

Computer Assisted Appraisal System (CAAS)

The department has proposed a totally integrated systems approach to handle the next reappraisal cycle. In conjunction with the proposal is a department request to extend the deadline for the completion of the next reappraisal cycle an additional two years from December 31, 1990 to December 31, 1992. The department entered into an agreement with Cole, Layer, Trumble Company (CLT) to develop the software for the system. CLT proposed the installation of IBM's most recently announced mid-range departmental computers, the AS/400. The total cost of the entire package is approximately \$1.6 million. The department proposes to fund this acquisition within current level spending authority over a five year period. The department recognized the need in FY88 to conserve as much spending authority as possible

for the implementation of this system. As a result, the department was able to commit about \$380,000 towards the purchase of workstations and software needed for communicating with the county offices. Additionally, the legislature appropriated \$136,600 for equipment to automate 19 county offices in FY89 which will also be used to fund the system and hardware. Annual cost savings will amount to \$306,000 per year. They include: 1) the majority of current reappraisal system processing will be removed from the state's mainframe computer to the IBM AS/400 system for an annual cost saving of \$187,000; 2) providing county office access to the statewide communication network allows electronic mail and report distribution which will save the department \$10,560 annually in postage and mailing supplies; 3) the AS/400 will replace the department's existing IBM 8100 computers for an annual savings in equipment maintenance of \$44,600; 4) the department will no longer have to rely upon contract data entry support to process appraisal updates during peak income tax processing times which will save \$17,186 per year; 5) data entry staff will be reduced by three FTE as a result of data entry now being performed in the county offices saving \$46,354 annually. Costs that have not previously been incurred are necessary for the operation of the new system. They fall into three major categories: 1) state network communications charges amounting to \$100,000 per year; 2) equipment maintenance for all computer hardware required to operate the system for \$27,124 annually; 3) and annual lease/purchase payments to IBM for equipment and software in the amount of \$170,500. The department anticipates having staff fully trained and operational with the new system by November 1989. This is a full year and a half before the start of the next appraisal workload peak, provided the two year extension to complete reappraisal is granted.

Modification Request

Adjustment of Appraisal Values-HB436 - This modification request continues the program to make annual adjustments to property appraisal values that was instituted in the 1988-89 biennium. One FTE Program Manager is included. Funding is changed from the local impact and education trust fund to the general fund. The cost for FY90 is \$185,837 and FY91 is \$185,856.

Exemption of Agricultural Property - This negative modification would decrease expenditures for administration of agricultural property assessment. Legislation will be introduced to eliminate the property tax on farm machinery, hand tools and remaining livestock, and increase the tax on agricultural land to make this proposal revenue neutral. The FTE reduction will be (7.00) in FY90 and (31.00) in FY91. The funding is general fund, and will be reduced (\$132,625) in FY90 and (\$695,541) in FY91.

Exemption of Commercial Personal Property - This negative modification would decrease expenditures for administration of commercial personal property assessment. Legislation will be introduced to exempt commercial personal property such as furniture and fixtures, machinery and equipment not affixed to the ground or not required to be registered, supplies, tools, specialized equipment and systems. The intent of this proposal is to shift the tax burden to business land and business owners to make it revenue neutral. FTE will be reduced (1.90) in FY90 and (21.20) in FY91. Funding is general fund, and will be reduced (\$38,859) in FY90 and (\$500,053) in FY91.

MOTOR FUEL TAX Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	25.00	22.00	22.00	22.00
Personal Services	473,471.97	445,058	444,363	445,499
Operating Expenses	160,897.63	146,740	137,441	133,080
Equipment	67,108.00	20,000	3,375	1,000
Total Program Costs	\$701,477.60	\$611,798	\$585,179	\$579,579
State Special Revenue Fund	701,477.60	611,798	585,179	579,579
Total Funding Costs	\$701,477.60	\$611,798	\$585,179	\$579,579
Current Level Services	701,477.60	611,798	585,179	579,579
Total Service Costs	\$701,477.60	\$611,798	\$585,179	\$579,579

Program Description

The Motor Fuel Tax program enforces compliance and administers license taxes on gasoline and diesel fuel. It also administers the refund provisions of the tax laws, supervises the bonding requirements of distributors, dealers and users to insure the proper collection of the license taxes, and issues permits and licenses to distributors, dealers and users.

The Motor Fuels Tax Division administers and enforces the motor fuel tax law. This includes the issuance of licenses and permits, collection of taxes, enforcement of the bonding requirements, and payment of refunds.

Budget Issues

The recommended budget for the Motor Fuels Division reflects a decline of 3.00 FTE from the FY88 level. Three tax examiners were transferred to the Income Tax Division in the last biennium to do special fuel tax audits in conjunction with income tax and miscellaneous tax audits. The purpose was to reduce duplicate coverage and increase effectiveness of audits. It will remain the responsibility of the Motor Fuels Division to make final decisions and disposition of audit findings and appeals.

Operating expenses show a decline due to the transfer of FTE, with travel costs the main component. Anticipated equipment purchases include a micro-computer printer and secretarial chairs.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	357.61	372.34	362.59	367.59
Personal Services	9,444,790.99	9,820,848	9,635,693	9,753,431
Operating Expenses	19,571,989.49	19,294,478	22,323,223	23,006,461
Equipment	1,471,200.51	1,499,771	1,645,819	1,140,777
Capital Outlay	10,580.21	0	0	0
Local Assistance	367,944.66	2,448,779	704,400	704,400
Benefits and Claims	22,953,235.66	32,500,000	29,904,497	33,940,172
Transfers	14,427,076.01	13,645,228	13,995,968	13,901,550
Debt Service	7,032,589.47	3,207,267	6,328,726	6,405,619
Total Agency Costs	\$75,279,407.00	\$82,416,371	\$84,538,326	\$88,852,410
General Fund	17,102,520.00	14,815,696	16,419,835	16,241,767
State Special Revenue Fund	1,971,546.50	4,385,231	2,912,444	2,906,659
Capital Projects Fund	1,858,273.12	1,221,201	1,217,664	1,222,179
Proprietary Fund	54,347,067.38	61,994,243	63,988,383	68,481,805
Total Funding Costs	\$75,279,407.00	\$82,416,371	\$84,538,326	\$88,852,410
Current Level Services	74,112,378.84	81,523,462	81,246,482	85,317,156
Modified Level Services	1,167,028.16	892,909	3,291,844	3,535,254
Total Service Costs	\$75,279,407.00	\$82,416,371	\$84,538,326	\$88,852,410

Agency Description

The Department of Administration was established under the Executive Reorganization Act of 1971 (section 2-15-1001, MCA). The department's major responsibilities include providing centralized services for state agencies in the following areas: accounting and financial reporting; capitol complex building maintenance; capitol security; state bonded indebtedness administration, state treasury services, insurance coverage, Tort Claims Act administration, systems development, telecommunications; data processing; person-

nel management and labor relations; purchasing and surplus property administration; duplicating, mail and messenger services; and records management. The department also administers the state Long Range Building Program, state employee group benefits program, and the various state retirement systems.

In addition, the Board of Examiners, State Tax Appeal Board, Workers' Compensation Judge, Public Employees' Retirement Board, and Teachers' Retirement Board are attached to the department for administrative purposes only.

DIRECTOR'S OFFICE Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	276,692.30	275,210	283,840	284,444
Operating Expenses	29,359.84	27,117	31,656	32,408
Equipment	581.90	1,515	600	0
Total Program Costs	\$306,634.04	\$303,842	\$316,096	\$316,852
General Fund	255,660.18	255,153	255,348	255,904
Proprietary Fund	50,973.86	48,689	60,748	60,948
Total Funding Costs	\$306,634.04	\$303,842	\$316,096	\$316,852
Current Level Services	306,634.04	303,842	316,096	316,852
Total Service Costs	\$306,634.04	\$303,842	\$316,096	\$316,852

Program Description

The staff of the Central Administration Program are responsible for overall supervision and coordination of the department's nine divisions and the three administratively

attached boards and agencies. The staff also provide legal services, internal management reviews, and assistance in special projects to the divisions and bonding expertise for the Board of Examiners.

Budget Issues

The recommended budget allows the program to maintain its operations in the 1991 biennium. \$1,400 was requested in FY91 to cover the cost of running the Department of Administration's Bill Status System during the Legislative Session. The equipment request is for a computer printer for the attorney.

The cost of the legal unit is distributed between the general fund, proprietary funds, and pension trust funds in the department based on the amount of time required by the legal staff for each fund. It is proposed that 0.50 FTE and related operating expenses be supported with general fund, and 1.50 FTE and related operating expenses be distributed to five supporting programs within the department. Of the total \$80,820 requested for FY90 and the \$81,158 for FY91, \$60,748 and \$60,948 respectively would be non-general supported, and the general fund share would be \$20,072 in FY90 and \$20,210 in FY91. Table 1 shows the distribution of the costs to programs within the department.

A vacancy savings rate of 2% is recommended for this program.

Department of Administration Table 1
Director's Office - Legal Unit
1991 Biennium Budgets

Programs	FY90	FY91
Computer Services	\$10,240	\$10,264
Telecommunications	1,500	1,500
Publications & Graphics	2,935	2,941
Property & Supply	2,935	2,941
Teachers' Retirement	5,870	5,882
Public Employees' Retirement	18,634	18,710
Architecture & Engineering	18,634	18,710
Total	\$60,748	\$60,948

GOVERNOR ELECT PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	5,000	0	0
Total Program Costs	\$0.00	\$5,000	\$0	\$0
General Fund	0.00	5,000	0	0
Total Funding Costs	\$0.00	\$5,000	\$0	\$0
Current Level Services	0.00	5,000	0	0
Total Service Costs	\$0.00	\$5,000	\$0	\$0

Program Description

This program is to provide support to the governor-elect and staff for the period between the general election and the inauguration. Necessary funds are to be included in the Department of Administration's appropriation request in

the regular session immediately prior to a general election when a governor is elected. 2-15-217, MCA

Budget Issues

Section 2-15-221(5), MCA, requires provision of a governor-elect budget. \$5,000 was approved for FY89 by the 1987 Legislature.

ACCOUNTING PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	12.50	12.50	11.00	11.00
Personal Services	314,235.38	323,553	317,990	318,298
Operating Expenses	486,800.66	508,494	351,811	318,476
Equipment	7,158.57	0	0	0
Total Program Costs	\$808,194.61	\$832,047	\$669,801	\$636,774
General Fund	808,194.61	832,047	656,014	622,992
Proprietary Fund	0.00	0	13,787	13,782
Total Funding Costs	\$808,194.61	\$832,047	\$669,801	\$636,774
Current Level Services	808,194.61	832,047	669,801	636,774
Total Service Costs	\$808,194.61	\$832,047	\$669,801	\$636,774

Program Description

The Accounting Division operates and maintains the Statewide Budgeting and Accounting System (SBAS), the Property Accountability Management System (PAMS) and a financial reporting adjustment system. SBAS is used by all state agencies, including universities and vocational technical centers, to account for the state's financial affairs. The system controls agencies' use of appropriation authority and cash balances in accordance with legal mandates.

Accounting Division staff control the inflow of data to SBAS; distribute daily, monthly and year-end reports summarizing agencies' accounting transactions; and provide technical support to agencies. The staff establishes the state's accounting policies in accordance with generally accepted accounting principles, updates the Montana Operations Manual Volume II, and provides accounting assistance and instruction to agencies. The Accounting Division prepares and distributes the state's annual financial report and the Statewide Indirect Cost Allocation Plan.

Budget Issues

The Accounting Division was authorized 12.0 FTE for each year of the 1989 biennium. A 0.50 FTE was transferred to

this program from the Centralized Services Division for the 1989 biennium. The implementation of the SBAS on-line entry and edit (OEE) system in FY90 will reduce the current 12.50 FTE level to 11.00. An accounting clerk position and a file clerk position will be deleted. Elimination of the file clerk position assumes legislation introduced by the Department of Administration, to eliminate filing of supporting documentation for SBAS claims will pass. The supervisory position responsible for the day-to-day flow of information into and out of the SBAS system was reclassified to a data processing coordinator for the department. The position will be funded one half by general fund and one half by proprietary. Divisions within the department that are non general fund supported, will pay for services received from the DP Coordinator.

Effective in FY90 individual agencies will pay the cost of entering fifteen different SBAS documents electronically using the OEE system. The user costs have been included in agency budgets which will be off set by a reduction in this budget request. Data entry costs have been reduced by \$125,696 in each year of the biennium.

A 2% vacancy savings rate is recommended for this program.

**ARCH & ENGINEERING PGM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	15.25	15.25	15.25	15.25
Personal Services	419,107.98	459,897	453,458	454,181
Operating Expenses	100,059.84	101,039	105,405	109,197
Equipment	11,938.96	2,060	0	0
Transfers	550,000.00	562,400	558,863	563,378
Total Program Costs	\$1,081,106.78	\$1,125,396	\$1,117,726	\$1,126,756
State Special Revenue Fund	531,106.78	562,996	558,863	563,378
Capital Projects Fund	550,000.00	562,400	558,863	563,378
Total Funding Costs	\$1,081,106.78	\$1,125,396	\$1,117,726	\$1,126,756
Current Level Services	1,081,106.78	1,125,396	1,117,726	1,126,756
Total Service Costs	\$1,081,106.78	\$1,125,396	\$1,117,726	\$1,126,756

Program Description

The function of the Architecture and Engineering Division (A&E) as authorized in Title 18, Chapters 1 & 2, MCA, is to administer the construction of state buildings that are functional, aesthetically pleasing and affordable. The division staff is responsible for: the architect/engineer interview selection process; programming both new and remodel projects; administering and coordinating plan reviews; administering contracts with architects, engineers and contractors; advertising, bidding and awarding construction contracts; dispersing building construction payments and providing design services for small projects. The division also prepares the Long Range Building Program for presentation to the legislature.

Budget Issues

The program requires a transfer appropriation from the Capital Project Fund in an amount equal to the State Special Revenue Fund. The Capital Project Fund supports the program, but actual expenditures are made from the State Special Revenue Account.

Cigarette tax, interest on bond proceeds, and supervisory fees for non-Long Range Building Projects support the Long Range Building Cash Account, in the Capital Project Fund.

The division is authorized under 18-2-105, MCA to assess a fee against monies available for construction projects to cover the cost of supervision. They are now charging a 1% fee against non capitol project fund projects, but feel that the fee should be more realistic of the service provided. They are proposing a fee structure - 5%, 3%, or 1% - which would be based upon anticipated involvement by division staff in the planning/construction process

The division is also proposing to charge the Department of Lands a 1% fee for services provided involving land reclamation projects for the 1991 biennium.

Differences between FY88 actual operating expenses and requested FY90 and FY91 are due to increases in audit costs, data networking charges, and equipment maintenance contracts. FY91 includes \$3,000 for the printing of the Long Range Building Program book.

A 2% vacancy savings rate is recommended for this program.

"PUBLICATIONS AND GRAPHICS"
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	26.83	30.83	26.83	30.83
Personal Services	615,316.32	706,634	617,285	691,817
Operating Expenses	3,445,373.49	3,568,370	3,663,067	3,952,053
Equipment	31,420.67	0	64,532	74,699
Debt Service	260,343.44	375,553	158,940	146,374
Total Program Costs	\$4,352,453.92	\$4,650,557	\$4,503,824	\$4,864,943
Proprietary Fund	4,352,453.92	4,650,557	4,503,824	4,864,943
Total Funding Costs	\$4,352,453.92	\$4,650,557	\$4,503,824	\$4,864,943
Current Level Services	3,852,953.92	4,150,557	3,903,824	4,064,943
Modified Level Services	499,500.00	500,000	600,000	800,000
Total Service Costs	\$4,352,453.92	\$4,650,557	\$4,503,824	\$4,864,943

Program Description

The Procurement and Printing Division's Publications and Graphic's Bureau provides services in printing, duplicating, computerized typography, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy. They are responsible for all printing and printing-related purchasing for state government and offer printing coordination and specification writing to user agencies (section 18-7-101, MCA). The staff also operate the state's photocopier pool (section 2-17-301, MCA).

Budget Issues

During FY88 the Publications and Graphics Division was combined with the Purchasing Division to become the Procurement and Printing Division. The administrator's position is split 33% in this program, 34% in Property and Supply, and 33% in Purchasing.

This program has three functions/control accounts purchasing and printing coordination, publications and graphics operations, and administration. Table 2 shows the break out of FTE and requested budgets.

Coordination

The proposed budget allows this function/control account to maintain its current level of operation. The equipment request is for the replacement of office equipment.

\$2,013,890 is requested for each year of the biennium for Goods for Resale - printing done by the private sector.

Operations

In FY88 this function/control account was authorized 18.50 FTE and in FY89 22.50. The 4.00 FTE difference is for temporary staff hired for the legislative session. The 18.50 FTE base was increased with the transfer of a 0.50 FTE from the administration function/control account to 19.00 FTE. The 4.00 additional FTE are again being requested for legislative session temporary staff in FY91.

The FY91 budget request includes an additional \$69,585 to cover paper and equipment maintenance costs for the Legislative Session.

The agency is requesting to replace four equipment items: 1) Davidson 702 Perfector - This press was acquired in 1981 and has been averaging 1.3 million copies a month. It is worn out and is down at least once a week. Publications and Graphics is requesting to purchase a new press out right to

avoid high installment purchase interest payments. \$60,000 Proprietary Account. 2) System 5 Duplicating System - This system was also acquired in 1981 and averages 381,000 copies per month in non legislative years and 1.6 million copies per month in legislative session years. Publications and Graphics is requesting to purchase the new system out right also, to avoid high installment purchase interest payments. \$70,000 Proprietary Account. 3) Xerox 1075 - 175,000 copies per month are made on this copier located at the Capitol Quick Copy Center during the legislative session. The machine is wearing out which results in longer down time. The agency would like to purchase outright, but they don't anticipate adequate cash reserves. Monthly installment purchase payments are estimated at \$1,993 for a \$60,000 machine at 12% interest over three years. An annual cost would be \$23,914. 4) Xerox 9500 - This machine is located at the SRS Quick Copy Center. Monthly copies average 350,000 and the machine is wearing out. On an installment purchase the monthly charge over a three year period would be \$2,491 for a \$75,000 purchase at 12% interest. Annually the amount would be \$29,893.

Administration

5.50 FTE were authorized for FY88 and FY89. A 0.50 FTE was transferred to the operations function/control account and the program received a 0.33 FTE for the administrator's position. Resulting in 5.33 FTE for FY90 and FY91.

Equipment maintenance is anticipated to decrease by \$64,800 annually because of the implementation of the photocopy pool term contract which eliminated the need to maintain as many state owned photocopiers.

An additional \$28,000 is requested in FY91 to rent four copiers from November through fiscal year end at an estimated cost of \$1,000 per machine per month. These copiers are for the House and Senate during the legislative session.

FY88 Goods for Resale is understated by \$40,088 due to a coding error and reflects only six months of the photocopy pool term contract started in January 1988. The total annualized figure should be \$261,237. The additional request amounts to \$62,189 for 15 additional users of the pool and anticipated growth of the service.

The equipment request includes single user software upgrades, eight in each year; and replacement of office equipment in each year. The debt service includes \$25,133 in FY90 and \$12,567 in FY91 for the existing installment purchase of IBM 85's which will be paid off in FY91; and

the replacement of six high speed photocopiers located at the Departments of Agriculture, Health, and Revenue and Legislative Council. It would be a three year installment purchase at an estimated 12% interest rate. The annual cost would be \$80,000.

Department of Administration Table 2
Publications And Graphics
1991 Biennium Budgets

	FY90	FY91
<u>Coordination</u>		
FTE	2.50	2.50
Personal Services	\$50,355	\$50,522
Operating Expenses	2,037,486	2,037,885
Equipment	396	352
Total	\$2,088,237	\$2,088,759
Funding Source:		
Proprietary Account	\$2,088,237	\$2,088,759
<u>Operations</u>		
FTE	19.00	23.00
Personal Services	\$433,020	\$507,301
Operating Expenses	517,337	587,363
Equipment	60,847	70,924
Debt Service	53,807	53,807
Total	\$1,065,011	\$1,219,395
Funding Source:		
Proprietary Account	\$1,065,011	\$1,219,395
<u>Administration</u>		
FTE	5.33	5.33
Personal Services	\$133,910	\$133,994
Operating Expenses	508,244	526,805
Equipment	3,289	3,423
Debt Service	105,133	92,567
Total	\$750,576	\$756,789
Funding Source:		
Proprietary Account	\$750,576	\$756,789

A vacancy savings rate of 2% is recommended for this program.

Modification Request

Private Sector Printing - \$600,000 is requested in FY90 and \$800,000 in FY91 of Proprietary Account funds for private sector printing. The 1987 Legislature through HB39 transferred the vocational technical centers from local school districts to the Board of Regents; passed HB84 imposing a 4% user tax on hotels, motels, and campgrounds; and referendum 100 created the Lottery. All have resulted in increased pass-through printing which wasn't anticipated when the FY88 and FY89 program budget was approved.

INFORMATION SERVICES DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	136.59	136.59	132.59	132.59
Personal Services	3,815,005.42	3,953,729	3,820,141	3,825,271
Operating Expenses	6,396,689.50	6,743,015	8,121,993	8,113,270
Equipment	1,290,116.22	1,484,001	1,458,165	1,044,753
Local Assistance	216,880.66	1,007,677	704,400	704,400
Benefits and Claims	280,111.00	0	0	0
Transfers	75,146.64	87,625	85,600	85,600
Debt Service	4,272,658.63	2,829,257	4,264,786	4,445,245
Total Program Costs	\$16,346,608.07	\$16,105,304	\$18,455,085	\$18,218,539
State Special Revenue Fund	292,027.30	1,095,302	1,070,000	1,070,000
Proprietary Fund	16,054,580.77	15,010,002	17,385,085	17,148,539
Total Funding Costs	\$16,346,608.07	\$16,105,304	\$18,455,085	\$18,218,539
Current Level Services	16,346,608.07	16,105,304	16,758,492	16,459,972
Modified Level Services	0.00	0	1,696,593	1,758,567
Total Service Costs	\$16,346,608.07	\$16,105,304	\$18,455,085	\$18,218,539

Program Description

The staff of the Information Services Division provides the following services to all state agencies: central mainframe computer processing; shared statewide data communications network services providing access to the central mainframe; local and long distance telephone networking; design and development of telephone equipment, networking applications and other telecommunications needs; design, development and continuous maintenance support of dataprocessing applications; dataprocessing training and application development support including data management (database) services; microcomputer and office automation support and consultation; record storage and microfilming services; radio frequency coordination liaison with local government; man-

agement of the statewide 911 emergency telephone number program; data processing planning, coordination and control of equipment and software acquisitions; disaster recovery facilities for critical data processing applications.

Budget Issues

Table 3 shows the breakdown of the Information Services Division by function/control accounts. There are six separate functions Resource Management/Administration, Central Computer Operations, Information Center, Systems Development, Telecommunications, and 911 Emergency.

A 2% vacancy savings rate is recommended for this program.

Department of Administration Table 3
Information Services Division
1991 Biennium Budgets

	FY90	FY91
Resource Management/ Administration		
FTE	7.00	7.00
Personal Services	\$240,378	\$241,103
Operating Expenses	176,310	141,651
Equipment	6,050	6,050
Total	\$422,738	\$388,804
Funding Source:		
Proprietary Account	\$422,738	\$388,804
Computer Operations		
FTE	68.95	68.95
Personal Services	\$1,838,729	\$1,840,219
Operating Expenses	2,102,455	2,173,679
Equipment	843,610	557,498
Debt Service	832,373	853,166
Total	\$5,617,167	\$5,424,562
Funding Source:		
Proprietary Account	\$5,617,167	\$5,424,562
Information Center		
FTE	13.00	13.00
Personal Services	\$369,768	\$370,513
Operating Expenses	99,467	99,615
Equipment	59,305	59,305
Total	\$528,540	\$529,433
Funding Source:		
Proprietary Account	\$528,540	\$529,433
Systems Development		
FTE	22.00	22.00
Personal Services	\$722,574	\$724,014
Operating Expenses	279,492	79,649
Equipment	82,200	7,900
Total	\$1,084,266	\$811,563
Funding Source:		
Proprietary Account	\$1,084,266	\$811,563
Telecommunications		
FTE	16.64	16.64
Personal Services	\$506,097	\$506,774
Operating Expenses	4,355,371	4,447,857
Equipment	317,000	264,000
Debt Service	2,782,413	2,942,079
Total	\$7,960,881	\$8,160,710
Funding Sources:		
Communications	\$6,479,371	\$6,563,250
Lease Participation Cert.	1,481,510	1,597,460
Total	\$7,960,881	\$8,160,710
Emergency 911		
FTE	2.00	2.00
Personal Services	\$69,682	\$69,754
Operating Expenses	5,218	5,146
Equipment	0	0
Total	\$74,900	\$74,900
Funding Source:		
Communications	\$74,900	\$74,900

Resource Management/Administration

The 7.00 FTE level remains constant from FY88 to the 1991 biennium.

The proposed budget is the original request of the agency with minor reductions in order to be consistent with other state agencies. Travel and registration fees for training conferences were taken back to FY88 actual level, and identifiable one time expenditures of FY88 were not continued into the 1991 biennium. Total reductions were \$4,250 in FY90 and \$4,254 in FY91.

Funding is from the Central Data Processing Proprietary Account.

Central Computer Operations

An FTE level of 68.95 is requested for this function/control account for the 1991 biennium, down by 7.50 FTE from FY88 and FY89 authorized. A 0.50 FTE was transferred to the telecommunications function/control account, 4.00 FTE data entry positions were identified by the agency and deleted due to the implementation of the SBAS on-line entry and edit system, and 3.00 FTE data entry positions were reclassified, upgraded and appear in one of the agency's modifications. With agencies entering their own data for fifteen different SBAS documents, the need for data entry FTE has decreased.

\$750,000 is included in the recommended budget for system software rent for FY90 and FY91. This is an increase of \$108,144 over FY88 actual expenditures. The recommended amount is \$230,780 less than the original agency request for FY90 and \$292,773 less than the request for FY91. The differences - \$230,780 for FY90 and \$292,773 for FY91 - have been included in an agency modification. It is requested that the \$750,000 for system software rent be line-itemed in each year of the biennium.

The balance of the operating expenses in the budget request \$1,352,455 in FY90 and \$1,423,679 in FY91 - are the original request of the agency with reductions amounting to \$24,504 in FY90 and \$28,560 in FY91. The reductions were taken in order that this budget request be consistent with other state agencies in the areas of travel, training fees, tuition, and one time expenses in FY88 that were not carried into FY90 and FY91.

The equipment request is the original request of the agency and includes \$707,750 in FY90 and \$421,650 in FY91 for multi-user computers and terminals. The largest single item is \$270,000 in FY90 for hardware to upgrade the IBM 4381 located at the armory. Data network growth will require the purchase of a substantial amount of network equipment or the balance of the request. \$871 is requested in each year for the replacement of office equipment. Warehouse shelving for records storage is needed for the expanded space. \$4,877 is requested for FY90 and \$5,365 in FY91. \$22,500 in FY90 and \$22,000 in FY91 is requested for the replacement of a microfilm jacket duplicator and a microfilm roll film duplicator. The single user software request is \$107,612 for each year. The agency is anticipating purchasing 3270 emulation software for user personal computers connected to the host, IBM token ring software for local area networks attached to the host, and software for staff personal computers.

Debt service is \$267,000 per year for payments on existing time contracts for the purchase of magnetic disk storage devices and planned time purchase of replacement host computer to be installed in the May/June 1989 time frame. The agency believes the upgrade is required to accommodate increased demands of the host computer resulting from additional applications and growth.

Funding is from the Central Data Processing Proprietary Account.

Information Center

The FTE level increases by 1.00 from the 1989 biennium authorization of 12.00, an FTE was transferred from the Systems Development function/control account.

The proposed budget is the original request of the agency with minor - \$1,698 in FY90 and \$1,735 in FY91 - reductions in order for this budget to be consistent with other state agencies in the areas of travel, training conference fees and one time expenses that were not continued into the 1991 biennium. Travel and training conference fee requests were retained at the actual FY88 expenditure level.

Funding is from the Central Data Processing Proprietary Account.

Systems Development

The authorized FY88 and FY89 FTE level of 23.00 was reduced by one with the transfer of one FTE to the Information Center function/control account.

The budget includes a \$200,000 line-item biennial request for contract programming to be used to satisfy requests that can't be handled by staff. The amount is reflected in FY90 contracted services.

The proposed budget is the original request of the agency less \$33,179 in FY90 and \$33,259 in FY91 for travel and training conference fee reductions, and one time charges in FY88 that were not continued into FY90 and FY91. These reductions were taken to keep the request consistent with other state agencies.

Funding is from the Central Data Processing Proprietary Account.

Telecommunications - The FTE level increased to 16.64 with the transfer of a 0.50 FTE from Central Computer Operations during FY88.

The operating expenses increase by approximately \$198,500 in FY90 and \$291,000 in FY91 over FY88 actual expenses. \$100,000 was added each year to allow for growth of pass through costs paid by the Telecommunications Bureau and charged back to the respective agency. The inflation rates of the various expenditure codes in the communications expense category increased the original budget request by approximately \$112,000 in FY90 and \$208,000 in FY91.

The equipment request includes the following: 1) Switch termination and telephone equipment. \$124,000 in FY90 and \$125,000 in FY91 2) Digital trunking interface which will allow the direct connection of voice and data circuits between upgraded network switches at Bozeman, Billings, Missoula, and Helena to provide faster less expensive connections for the network user. \$108,000 in FY90 and \$54,000 in FY91. 3) Upgrade the switch located at the National Guard Armory. This is considered the backup switching location should a disaster occur. \$85,000 in FY90 and \$10,000 in FY91. 4) \$75,000 in FY91 for a local area network gateway. Gateway equipment will allow peer to peer communications between IBM token ring network users and dec net users such as the Highway Department CAD system.

Debt service. Repayment of lease participation certificates for the purchase of the state telephone system amount to \$1,980,686 in FY90 and \$2,140,352 in FY91 - this includes principal, interest and fees. Installment purchases amount to \$801,727 for each year. \$583,527 for existing contracts, \$49,800 for a dynamic bandwidth allocation equipment,

\$93,400 for network node switch upgrade, and \$75,000 for T-1 compression equipment.

The funding for this program is the Telecommunications Proprietary Account. The Lease Participation Certificates Proprietary Account funds the principal, interest and fees of the note payments.

911 Emergency - Funding for this function/control account is generated by a monthly 25 cent per telephone access fee. The division is allowed 7% or actual expenses which ever is less, to administer this activity. The revenue estimate for each year of the biennium is \$1,070,000.

The proposed budget allows the function/control account to maintain its level of operation. There is no change in the FTE level.

Emergency 911 Statutory Authority - Section 10-4-101 through 303 refer to the state emergency telephone system. The budget request includes \$280,000 each year for telephone company conversions/equipment modifications for 911 compatibility, \$704,400 to be paid to local governments for emergency systems, and \$85,600 for the Department of Administration for administering the funds and to the Department of Revenue for collecting the funds.

Modification Request

TEAMS Project - This is a special project for the Department of Social and Rehabilitative Services scheduled to begin in calendar year 1989. It is difficult to predict what specific hardware and software will be required to accommodate this welfare system project. The projected transaction volumes indicate that a solid-state paging device maybe required plus substantial additions of magnetic disk storage drives. \$260,780 in FY90 and \$322,773 in FY91 is requested to rent operating system software and \$680,000 in debt service for the purchase of modem, controllers, data concentrators, DSU's, additional data circuits, central host processor upgrade, and additional magnetic disk storage. The total request of \$910,780 in FY90 and \$972,773 in FY91 will be supported with Central Data Processing Proprietary Account funds.

Hardware and Software Maintenance - This modification request proposes consolidating maintenance contracts and associated charges for agency personal computers in the amount of \$350,000 in each year of the biennium. Agencies are experiencing continual increases in maintenance contracts. The recommendation is dependent upon a deflation in costs which would be reflected in agency budgets.

The second part of this modification is \$150,000 for software upgrades that communicate with the central computer and are supported by the Information Center. The agency is proposing to offer agencies an annual software upgrade contract. For a fixed annual fee, ISD will provide all software upgrades for supported microcomputer software.

Funding will be Central Data Processing Proprietary Account.

It is recommended that this modification request be line-itemed.

Staff Reallocation - Three Data Entry Operator grade seven positions in the Central Computer Operations were upgraded and reclassified during FY88. One became a grade eleven Programmer/Analyst Trainee and was transferred to the Systems Development function/control account; one was transferred to the Information Center function/control account and became a Secretary II grade 8, and last position stayed in Central Computer Operations as a grade 16 Software Specialist III.

Funding will be Central Data Processing Proprietary Account.

Telephone System Upgrade - \$112,900 is requested in each year of the biennium for an expansion of the digital network by adding "T-1" spans to Missoula, Great Falls, and Bill-

ings. The expansion is requested because of increased use of the network for voice, public safety radio, and distance learning audio/video. \$100,000 is requested each year for additional long distance data circuits for on-line network.

Funding will be Telecommunications Proprietary Account.

GENERAL SERVICES PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	48.00	48.00	48.00	48.00
Personal Services	1,022,176.10	1,049,312	1,040,641	1,044,182
Operating Expenses	2,154,324.69	2,543,552	2,670,488	2,686,615
Equipment	2,836.71	0	14,400	16,500
Transfers	58,274.12	58,801	58,801	58,801
Total Program Costs	\$3,237,611.62	\$3,651,665	\$3,784,330	\$3,806,098
General Fund	270,301.29	420,996	437,898	440,009
Capital Projects Fund	58,274.12	58,801	58,801	58,801
Proprietary Fund	2,909,036.21	3,171,868	3,287,631	3,307,288
Total Funding Costs	\$3,237,611.62	\$3,651,665	\$3,784,330	\$3,806,098
Current Level Services	3,237,611.62	3,651,665	3,784,330	3,806,098
Total Service Costs	\$3,237,611.62	\$3,651,665	\$3,784,330	\$3,806,098

Program Description

The General Services Division staff provide the following services in the capitol complex: repair, maintenance, security and custodial. They also manage contracts providing additional services for the complex, including mechanical maintenance, pest control, elevator repair, and garbage collection (section 2-17 111, MCA).

Budget Issues

The rental rates recommended for the biennium are: Office Rent FY90 \$3.19 and FY91 \$3.20 per square foot, Warehouse Rent FY90 \$2.22 and FY91 \$2.22 per square foot. The price for warehouse space remains constant from the 1989 biennium, and office space increases by \$0.11 per square foot in FY90 and \$0.12 in FY91. The rates do not include grounds maintenance which is now provided by the Department of Fish, Wildlife and Parks.

Language in HB2 passed in the 1987 Legislative Session states that the maximum working capital the division may carry over into the 1991 biennium is \$320,000.

There is no change in the FTE level from the 1989 biennium 48.00 FTE.

Operating expenses of the budget request increase by approximately \$516,000 in FY90 and \$532,000 in FY91 over FY88 actual. The increases are due to: 1) an anticipated 5% increase in janitorial contracts, elevator maintenance going up 8%, pest control up 8%, mechanical contract up an anticipated 10%, and the maintenance on the new elevator in the Institutions building of \$2,160. 2) biennial audit costs of \$6,309 are included in FY90. 3) insurance and bonds increased by approximately \$23,000 each year. 4) utilities increase by \$197,000 in FY90 and \$268,000 in FY91 due to two additional houses, anticipated Helena water rate increases, and utility inflation factors. 5) rent increases by approximately \$164,000 in FY90 and \$167,000 in FY91 (GAAP adjustment). 6) building maintenance

increases by \$67,000 in FY90 and \$4,000 in FY91. The acquisition of the two houses increased the budget by \$4,000 each year and two maintenance projects for \$61,930 are proposed in FY90. 7) taxes and assessments are anticipated to increase with the purchase of the two houses. \$6,700 and \$11,000 respectively were included in the biennial budget request.

The equipment request includes \$8,900 for upgrading of division's computer equipment, \$5,500 each year for the replacement of vacuum cleaners, and \$11,000 in FY91 for a hydraulic man lift to use in place of scaffolding.

The program is funded by three sources - capital projects fund, proprietary and general fund. \$58,801 annually is allocated from the capital project account (Capital Land Grant) for capitol building maintenance. The proprietary account consists of the square footage rate charged agencies (both office and warehouse space) and \$50,000 annually of anticipated direct reimbursement for special projects from state agencies. The general fund is 12% of the operating budget less the capital project funds. The general fund supports the services provided for the common area space in the capitol, museum space in the historical society building, and the Governor's executive residence.

Management Memo 2.86-5 directs that general fund support to proprietary operations should be appropriated in the general fund as either a transfer out or expenditure, and appropriated again in the proprietary fund as an expenditure. For this program the general fund is appropriated as an expenditure (2527 Rent/Department of Administration) and then again as a proprietary fund expenditure. The capitol projects fund is appropriated as an operating transfer. The general fund and the capitol projects fund are adjusted out before the rental rates are determined.

The security portion of this budget remains at the two FTE level and minimal operating expenses. It is funded with general fund.

A vacancy savings rate of 2% is recommended for this budget.

Two tables have been prepared to show first a comparison of the square footage rates for both office space and warehouse space (Table 4) and secondly, the total square footage of state owned leased space and private leased space in Helena (Table 5).

Department of Administration Table 4
General Services Division
State Owned Space
Square Foot Rental Rates
1980 - 1991

Fiscal Year	Office Rate	Warehouse Rate
1980	\$2.13	N/A
1981	\$2.25	\$1.45
1982	\$2.62	\$1.45
1983	\$2.69	\$1.72
1984	\$3.11	\$1.95
1985	\$3.34	\$2.07
1986	\$2.98	\$2.17
1987	\$2.92	\$2.28
1988	\$2.97	\$2.22
1989	\$3.08	\$2.22
1990	\$3.19	\$2.22
1991	\$3.20	\$2.22

Department of Administration Table 5
General Services Division
Leased Space - State Owned and Private
Square Footage
1980 - 1991

Fiscal Year	State Owned	Private
1980	834,466	541,481
1981	948,160	541,481
1982	1,052,141	218,702
1983	1,064,966	218,702
1984	1,064,966	156,867
1985	1,064,966	156,867
1986	1,173,198	156,867
1987	1,173,198	211,592
1988	1,177,346	179,964
1989	1,177,346	179,964
1990	1,177,346	179,964
1991	1,177,346	179,964

PROPERTY AND SUPPLY BUREAU
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	15.34	15.34	16.34	16.34
Personal Services	354,428.18	355,265	364,752	364,809
Operating Expenses	2,510,512.63	2,756,578	2,744,021	3,063,520
Equipment	0.00	0	48,600	0
Total Program Costs	\$2,864,940.81	\$3,111,843	\$3,157,373	\$3,428,329
Proprietary Fund	2,864,940.81	3,111,843	3,157,373	3,428,329
Total Funding Costs	\$2,864,940.81	\$3,111,843	\$3,157,373	\$3,428,329
Current Level Services	2,864,940.81	2,876,843	3,139,629	3,410,584
Modified Level Services	0.00	235,000	17,744	17,745
Total Service Costs	\$2,864,940.81	\$3,111,843	\$3,157,373	\$3,428,329

Program Description

The Procurement and Printing Division's Property and Supply Bureau, provides centralized purchasing and distribution of office and janitorial supplies for state agencies. The Bureau is responsible for the Surplus Property Program which disposes of property no longer needed by an agency.

Budget Issues

Through a reorganization within the department, the Property and Supply Bureau is now part of the Procurement and Printing Division. 34% of the administrator's salary is supported by this program. The bureau was budgeted in the 1989 biennium for half of the administrator's FTE and salary, the reorganization reduces the FTE level by 0.16.

The Goods for Resale budget request allows for an approximate 8.8% growth between FY88 actual and the 1991 biennium. The request for FY91 includes an additional \$102,910 for paper and office supplies for the legislature.

A comparison of operating expenses excluding Goods for Resale, shows an increase in FY90 of approximately \$11,000 and an increase of approximately \$5,000 in FY91 over FY88 actual expenditures. The differences are: 1) biennial audit costs of \$2,048 over actual expenditures in FY88 2) \$4,000 each year for networking charges for DISSOS and

SBAS on-line entry and edit 3) \$1,920 each year for photocopy pool services 4) utility inflation of approximately \$1,900 in FY90 and \$2,700 in FY91 5) maintenance contract increases of approximately \$2,000 each year.

The FY90 equipment request includes \$29,600 for upgrades to their WANG computer system, \$2,000 for office equipment, \$8,000 for an electric pallet jack, and \$9,000 for software needed for connecting to the mainframe.

The funding for this program is the Central Stores Proprietary Account. Cash balances at fiscal year end remain with the account. A 45 day operating balance is necessary for the agency to continue inventory levels, but if the cash reserve exceeds the 45 day limit the rates for the program are reduced. Rates are reviewed semi-annually.

A vacancy savings rate of 2% is recommended for this program

Modification Request

Additional Warehouse Worker - The Property and Supply Bureau is requesting an additional warehouse worker as the workload in the surplus program has increased with the addition of public sales. \$17,744 in FY90 and \$17,745 in FY91 of Central Stores Proprietary Account funds are being requested.

PURCHASING PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	12.33	12.33	13.33	13.33
Personal Services	309,254.65	314,475	333,554	333,876
Operating Expenses	101,077.76	89,931	106,511	107,346
Equipment	28,915.35	0	17,000	2,000
Total Program Costs	\$439,247.76	\$404,406	\$457,065	\$443,222
General Fund	439,247.76	404,406	457,065	443,222
Total Funding Costs	\$439,247.76	\$404,406	\$457,065	\$443,222
Current Level Services	439,247.76	404,406	414,610	415,776
Modified Level Services	0.00	0	42,455	27,446
Total Service Costs	\$439,247.76	\$404,406	\$457,065	\$443,222

Program Description

The Procurement and Printing Division's Purchasing Bureau provides a centralized purchasing service for executive, judicial and legislative branch state agencies as required by Title 18, Chapter 4, MCA. By concentrating purchases in a central entity, state government can achieve standardization of specifications, eliminate duplication of effort between state agencies and receive lower costs as a result of volume buying.

The Procurement and Printing Division's Purchasing Bureau, investigates possible sources for products, determines alternate product possibilities; prepares specifications, and enforces the terms and conditions outlined in purchase orders issued. The Bureau ensures compliance with purchasing law and rule for agencies with delegated purchasing authority and provides technical assistance with their purchases.

Budget Issues

This program is now part of the Procurement and Printing Division and supports 33% of the administrator's salary. In the last biennium a 0.50 FTE for the administrator position was included in the approved budget, this has been reduced

to a 0.33 FTE resulting in a total FTE level of 12.33 for the 1991 biennium.

The proposed budget allows the program to maintain its current level of operation.

A vacancy savings rate of 2% is recommended for this program.

Funding is 100% general fund.

Modification Request

Enhancements to Existing Computer System - The agency is requesting \$12,000 in FY90 for a vendor list module enhancement, Advanced Procurement System (APS). \$5,000 in FY90 and \$2,000 in FY91 is requested for ISD software support for central access to the vendor list, catalogs and bid documents of the APS system. General fund would support the modification request.

Contracted Service Compliance - An additional FTE is requested to coordinate contracting compliance and provide training. A compliance audit found that agencies were using contracted services to complement FTE levels. The responsibility was assigned to the Purchasing Bureau by the Governor's Office. One FTE and general fund of \$25,455 in FY90 and \$25,446 in FY91 are requested in this modification.

MAIL & DISTRIBUTION BUREAU
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	9.25	9.25	10.25	10.25
Personal Services	177,793.16	168,572	187,671	190,005
Operating Expenses	925,728.88	1,187,930	1,253,393	1,329,794
Equipment	8,322.68	6,195	36,594	0
Debt Service	2,730.00	2,457	0	0
Total Program Costs	\$1,114,574.72	\$1,365,154	\$1,477,658	\$1,519,799
Proprietary Fund	1,114,574.72	1,365,154	1,477,658	1,519,799
Total Funding Costs	\$1,114,574.72	\$1,365,154	\$1,477,658	\$1,519,799
Current Level Services	1,114,574.72	1,227,221	1,360,270	1,405,968
Modified Level Services	0.00	137,933	117,388	113,831
Total Service Costs	\$1,114,574.72	\$1,365,154	\$1,477,658	\$1,519,799

Program Description

The Central Mail Bureau staff provide mail service (U.S. Mail, Deadhead, UPS and Capitol Post Office) in the capitol complex (Section 2-17-301, MCA). Users are billed for this service.

Budget Issues

The agency is requesting \$1,113,717 in FY90 and \$1,191,677 in FY91 for postage and mailing. This reflects a 13.6% postage increase for nine months of the base year, FY88, and then allows for a 7% volume increase per year.

The \$36,594 equipment request is for a computerized upgrade to the current system that will process mail faster and eliminate manual calculations for billing purposes.

No vacancy savings was recommended for this program.

The program is funded by the Mail and Messenger Proprietary Account.

Modification Request

Additional Mail Clerk - An additional 0.50 FTE mail clerk position is requested to cover the increased work load due to the addition of the Lottery Division, Highway Traffic Safety Division, Crime Control Division, Drivers' Improvement Bureau and the Highway Patrol Division as users of central mail services. The cost would be \$15,000 for the biennium.

An additional 0.50 FTE mail clerk position is requested to cover the increased work load that will take place when the Department of Fish, Wildlife, and Parks joins the central mail operation. At a cost of \$15,000 for the biennium.

The modification also requests \$98,832 in each year of the biennium in spending authority for postage. This is an estimate of the amount needed to process the mail for the Department of Fish, Wildlife, and Parks (FWP). This will allow FWP to take advantage of pre-sort mail discounts, estimated to be an \$8,300 savings annually.

Funding for the modification request is the Mail and Messenger Proprietary Account.

CENTRALIZED SERVICES DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	14.00	14.00	14.00	14.00
Personal Services	377,008.88	381,896	374,497	375,183
Operating Expenses	59,448.05	56,493	64,264	57,073
Equipment	5,950.92	5,000	0	0
Total Program Costs	\$442,407.85	\$443,389	\$438,761	\$432,256
General Fund	411,576.86	412,480	408,594	401,954
Proprietary Fund	30,830.99	30,909	30,167	30,302
Total Funding Costs	\$442,407.85	\$443,389	\$438,761	\$432,256
Current Level Services	442,407.85	443,389	438,761	432,256
Total Service Costs	\$442,407.85	\$443,389	\$438,761	\$432,256

Program Description

The staff of the Centralized Services Division perform three major functions. As a centralized service function, the divi-

sion staff provide accounting and budgeting services for all divisions and programs of the Department of Administration. As Treasury for the State of Montana, the division

staff receive and account for all money deposited by state agencies and redeem all state warrants presented for payment. As a personnel unit, the staff have responsibility for the personnel functions of the department.

Budget Issues

A 0.50 FTE authorized for the 1989 biennium was transferred to the Accounting Division in FY88, the adjusted FTE level requested for the 1991 biennium is 14.0.

The proposed budget allows the program to maintain its current level of operation.

The program is supported with general fund except for an accounting specialist position and associated operating costs. The duties and responsibilities are directly related to investment functions and are supported with investment income.

STATE PERSONNEL DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	37.27	38.00	38.00	38.00
Personal Services	1,010,007.72	1,029,115	1,028,852	1,029,939
Operating Expenses	1,373,264.63	308,542	1,488,355	1,519,621
Equipment	1,374.80	1,000	2,772	2,825
Benefits and Claims	20,343,665.11	25,000,000	26,904,497	30,940,172
Transfers	34,572.00	34,544	0	0
Total Program Costs	\$22,762,884.26	\$26,373,201	\$29,424,476	\$33,492,557
General Fund	937,582.63	940,614	878,840	884,966
Proprietary Fund	21,825,301.63	25,432,587	28,545,636	32,607,591
Total Funding Costs	\$22,762,884.26	\$26,373,201	\$29,424,476	\$33,492,557
Current Level Services	22,751,743.26	26,353,225	29,406,732	33,474,812
Modified Level Services	11,141.00	19,976	17,744	17,745
Total Service Costs	\$22,762,884.26	\$26,373,201	\$29,424,476	\$33,492,557

Program Description

The staff of the State Personnel Division provide state agencies with a comprehensive program of personnel administration including: position classification, collective bargaining and labor relations, group benefits plans, compensation plan and rules, deferred compensation, training, employee incentive awards, sick leave fund, equal employment and affirmative action, and health promotion. They publish state rules and policies dealing with recruitment, selection, discipline, grievance, performance appraisal, leave, affirmative action and other personnel related matters. They serve as staff to the Governor's Committee on the Employment of the Handicapped.

Budget Issues

Table 6 shows the breakdown of the Personnel Division by function/control accounts. There are three functions Personnel, Employee Benefits, and Training.

A vacancy savings rate of 2% is recommended for this program.

Personnel

This function/control account had an authorized FTE level in the 1989 biennium of 27.50. A 0.50 FTE was transferred to the Employee Benefits function during FY88 leaving an FTE level of 27.00 for the 1991 biennium.

The operating expenses of this budget request decrease by approximately \$18,000 in FY90 and \$17,000 in FY91 from FY88 actual expenditures. FY88 included \$16,300 of legal consulting fees for policy issues, this has been reduced to \$1,500 being requested for each year. And office rent

charged to this function/control account decreased by \$5,600 for each year of the biennium from FY88.

The office equipment request of \$572 and \$625 respectively, are for the replacement of chairs.

The funding for this function/control account is general fund.

Employee Benefits

The FTE level of this function/control account increased to 7.00 with the transfer in FY88 of an 0.50 FTE.

The FY90 requested operating expenses increase by approximately \$15,500 and in FY91 decrease by approximately \$12,000 when compared to FY88 actual expenditures. Much of this is due to contracts for professional services. The function/control account expended approximately \$42,000 in FY88, \$55,700 is being requested in FY90 and \$25,000 in FY91. The agency is requesting \$25,000 each year for a consulting contract with Martin Segal Company which reviews the Benefits Plan, \$20,000 in FY90 for an audit of the Benefits Plan if proposed legislation is passed to change from an annual audit to biennial audit, and \$10,700 in FY90 for a contact to review the Deferred Compensation Plan.

\$11,804 was line-itemed in each year of the 1989 biennium for the state's contribution to the voluntary statewide genetics program. The program is funded by a 35 cent charge for each Montana resident insured with health coverage. This sunsets on June 30, 1989. Section 33-2-712, MCA.

General fund supports the administration of the state pay plan, the incentive awards program and the salary survey activities. The FY91 budget request includes \$1,062 for the salary survey. Primarily the Employee Benefits budget is

funded by a proprietary account - investment earnings of self insurance fund.

Training

The requested budget of the function/control account increases by approximately \$15,000 for each year of the biennium over FY88 which is projected growth. Growth in the program's revenues, which will result from work load increase, is necessary to sustain the training program without general fund support.

\$2,200 is requested for training videos in each year of the biennium.

Training fees will support the budget.

Department of Administration Table 6
Personnel Division
1991 Biennium Budgets

	FY90	FY91
Personnel		
FTE	27.00	27.00
Personal Services	\$739,272	\$740,305
Operating Expenses	112,723	113,704
Equipment	572	625
Total	\$852,567	\$854,634
Funding Source:		
General Fund	\$852,567	\$854,634
Employee Benefits		
FTE	7.00	7.00
Personal Services	\$182,003	\$181,955
Operating Expenses	131,403	103,681
Equipment	0	0
Total	\$313,406	\$285,636
Funding Sources:		
General Fund	\$26,273	\$30,332
Proprietary Account	287,133	255,304
Total	\$313,406	\$285,636
Training		
FTE	3.00	3.00
Personal Services	\$89,833	\$89,934
Operating Expenses	87,744	87,977
Equipment	2,200	2,200
Total	\$179,777	\$180,111
Funding Source:		
Proprietary Account	\$179,777	\$180,111

Group Benefit Claims

This fund is a statutory appropriation established in 2-18-812 and 17-7-502, MCA. The fund is made up of all premiums paid to the state employee group benefit plan, all reserve funds and all earned investment income. These deposits are statutorily appropriated to the department to be expended for claims under the benefit plan. Therefore, data shown here will not be included in the appropriations bill and is presented for informational purposes.

\$1,155,488 will be required in FY90 and \$1,213,262 in FY91 for administrative fees charged by the Blue Cross/Blue Shield of Montana for processing claims under the state group plan. The state has a three year contract with Blue Cross/Blue Shield for services with allowance for fee increases tied to the Consumer Price Index for both FY89 and FY90. It is assumed the CPI will be approximately 5% each year.

\$26,904,497 for FY90 and \$30,940,172 for FY91 are necessary to cover claim payments from the state group insurance plan. Claims are expected to increase 15% each year for FY89, FY90 and FY91, based on actuarial assumptions made by the consultant to the group insurance plan (Martin E. Segal Company).

Modification Request

COBRA Work Load - A full time FTE was added through budget amendment in FY88 and FY89 due to an increase in work load caused by the federal Consolidated Omnibus Budget Reconciliation Act (COBRA). The need for this position will continue through the next biennium. Other responsibilities of this position are producing the insurance certification tape for eligibility purposes and legislator insurance premium payments. \$17,744 is requested in FY90 and \$17,745 in FY91 funding is from the Group Benefit Administration Account.

TORT CLAIMS DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	8.50	8.50	10.50	10.50
Personal Services	280,435.61	265,662	315,701	315,779
Operating Expenses	1,729,797.21	1,180,914	1,557,151	1,549,627
Equipment	78,251.63	0	0	0
Capital Outlay	10,580.21	0	0	0
Benefits and Claims	2,329,459.55	7,500,000	3,000,000	3,000,000
Transfers	945,000.00	726,058	1,153,622	1,134,878
Total Program Costs	\$5,373,524.21	\$9,672,634	\$6,026,474	\$6,000,284
State Special Revenue Fund	229,149.74	500,000	500,000	500,000
Proprietary Fund	5,144,374.47	9,172,634	5,526,474	5,500,284
Total Funding Costs	\$5,373,524.21	\$9,672,634	\$6,026,474	\$6,000,284
Current Level Services	4,767,237.44	9,672,634	5,226,554	5,200,364
Modified Level Services	606,286.77	0	799,920	799,920
Total Service Costs	\$5,373,524.21	\$9,672,634	\$6,026,474	\$6,000,284

Program Description

The function of the Tort Claims Division is twofold. First, it must provide for the investigation, defense, and payment of bodily injury and property damage claims incurred by all agencies, officers and employees of the state of Montana under Article II, Section 18, Constitution of Montana, and the Montana Tort Claims Act. Second, the Division must assess the fire, casualty, bond, and liability risks of the state for all state-owned buildings, equipment, automobiles, fixtures, boilers, aircraft, cash and securities, etc. and provide either commercial or self-insurance protection for the financial loss of such property.

The vast majority of the Division's time and effort is concentrated in the comprehensive general liability risks that are fully self-insured by the Division. Examples of coverages include owner/landlord tenant liability, professional errors and omissions, medical malpractice, defamation, false arrest and imprisonment, wrongful discharge, violation of covenants of good faith and fair dealing, civil rights violations, and general common law negligence. Activities of state government that may create financial liability but are not administered by the Division are such items as collective bargaining, unfair labor practice charges, employment discrimination claims under the Human Rights Act, claims payable by other state funds, i.e., claims against the uninsured employer's fund, retirement system benefits wrongfully denied, and the wrongful collection and distribution of taxes.

Budget Issues

The authorized 8.50 FTE level for the 1989 biennium continues into the new biennium.

FY88 actual expenditures for the Tort Claims program include the \$229,150 from a statutory appropriation and \$400,000 for outside legal counsel that was approved through budget amendment. The total - \$629,150 - is not continued into current level for FY90 and FY91. For comparison purposes between FY88 and the new biennium, the amount has been adjusted out. Resulting in minimal growth for the 1991 biennium. The recommended budget includes

\$319,067 each year for outside legal counsel and court costs, it is requested that this expense be line-itemed.

Insurance premiums paid by this program for state agencies (property, fidelity bond, boiler, aircraft) are requested at \$719,230 in FY90 and \$730,528 in FY91.

A vacancy savings rate of 2% is recommended for this program.

Two funding sources support this program. 1) Insurance charges assessed state agencies for commercial insurance premiums or amounts necessary for self-insurance which are deposited in the self-insurance account. 2) Interest earnings from the self insurance account which supports the administrative costs of the division.

The agency administers two statutory appropriations; Claims and Benefits, and Insurance Proceeds - State Buildings.

Claims and Benefits

Sections 2-9-201 and 2-9-202, MCA, authorize the Department of Administration to operate the State of Montana's insurance program. A statutory appropriation is required to provide for potential claims against the fund. \$2,500,000 will be necessary for each year of the 1991 biennium.

Insurance Proceeds - State Buildings

Section 2-17-105, MCA requires that funds received by the state as indemnification for damage to state buildings be deposited in a state special revenue account. The funds are statutorily appropriated to repair or replace the damaged property. \$500,000 will be necessary for FY90 and FY91.

Actual expenditures from this statutory account in FY88 were \$229,150. \$104,895 paid out on the Billings East Job Service Office fire and \$124,255 paid out on the Prison fire. The property insurance deductible was \$100,000 in FY88 and is \$150,000 in FY89. There are instances where expenses are incurred and not covered by the insurance policy, and Tort Claims would be responsible for the expenses.

Statistical data of the Self-Insurance Account is presented in Tables 7,8, and 9.

Department of Administration Table 7
Tort Claims Division
Self-Insurance Account
1978 - 1988

Fiscal Year	Receipts	Expenditures	Fund Balance
1978	\$1,823,218	\$36,037	\$1,787,181
1979	\$2,230,851	\$31,612	\$3,986,420
1980	\$1,633,136	\$71,921	\$5,547,635
1981	\$1,981,744	\$224,265	\$7,305,114
1982	\$2,080,608	\$797,844	\$8,585,878
1983	\$1,957,814	\$2,540,100	\$8,003,592
1984	\$1,700,729	\$1,689,261	\$8,015,060
1985	\$2,361,052	\$2,588,445	\$7,787,667
1986	\$3,239,627	\$1,404,795	\$9,784,818
1987	\$2,915,918	\$5,368,136	\$6,939,009
1988	\$4,041,089	\$3,061,886	\$6,973,438

Department of Administration Table 8
Tort Claims Division
Self-Insurance Claims
July 1, 1977 through June 30, 1988

Fiscal Year	General Liability	Automobile Liability	Total Claims
1978	107	0	107
1979	109	0	109
1980	133	0	133
1981	84	0	84
1982	109	0	109
1983	95	0	95
1984	137	0	137
1985	104	0	104
1986	190	167	357
1987	187	160	347
1988	180	174	354

Department of Administration Table 9
Tort Claims Division
Automobile Insurance
1982 - 1988

Fiscal Year	Premiums Paid	Claims Paid
1982	\$572,876	\$142,239
1983	\$390,052	\$354,374
1984	\$299,327	\$634,566
1985	\$358,699	\$499,688
1986	\$401,643	\$ 78,016
1987	\$442,800	\$ 87,274
1988	\$528,013	\$113,807

Modification Request

Additional Staff & Outside Legal Counsel - The Tort Claims Division requests the addition of two FTE - a paralegal and a risk manager. This would amount to \$53,373 in FY90 and \$53,355 in FY91.

The division is also requesting \$399,960 each year for outside legal counsel and court costs to be line-itemed.

WORKERS COMPENSATION JUDGE Budget Detail Summary		Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees		8.00	8.00	8.00	8.00
Personal Services		225,090.29	223,949	226,665	227,131
Operating Expenses		70,355.37	73,580	71,887	71,214
Equipment		409.10	0	3,000	0
Total Program Costs		\$295,854.76	\$297,529	\$301,552	\$298,345
State Special Revenue Fund		295,854.76	297,529	301,552	298,345
Total Funding Costs		\$295,854.76	\$297,529	\$301,552	\$298,345
Current Level Services		271,478.87	297,529	301,552	298,345
Modified Level Services		24,375.89	0	0	0
Total Service Costs		\$295,854.76	\$297,529	\$301,552	\$298,345

Program Description

The Worker's Compensation Court adjudicates disputes between claimants and insurers involved in workers' compensation cases in accordance with Title 39, Chapters 71 & 72, part 29, MCA.

ment request is \$3,000 for replacement of a computer printer.

A vacancy savings rate of 2% is recommended for this program.

Funding is from the Workers' Compensation State Special Revenue Account which receives workers' compensation insurance premiums.

Budget Issues

The proposed budget allows the Workers' Compensation Court to maintain its current level of operation. The equip-

Table 10 reflects work load activities of the court.

Department of Administration Table 10
Workers' Compensation Court
Work Load
1984 - 1988

	FY84	FY85	FY86	FY87	FY88
Cases (Petitions) Filed	437	646	571	927	192
Pretrials	393	441	416	602	416
Minute Book Entries	137	150	126	116	118
Procedural Orders	729	992	1004	900	873
Notice Given	763	1104	1196	1386	1337
Compromise Settlements	805	1055	1152	1367	1726

NOTE:

1. The 1987 reform of the Workers' Compensation Act has reduced the number of petitions being filed, which was its intent. In FY87 the number of petitions filed was 927; this represents an effort by attorneys to file before the July 1, 1987 effective date of the new law. 265 petitions were filed in June alone.
2. The significant indicator of the Court's work load is the number of trials, which were up slightly in FY88.
3. The first quarter for FY89 shows an increase in the number of petitions filed which, when projected for the entire year, will raise the number to approximately 300, versus 192 for FY88. The Supreme Court's decision in Carmichael v. Arco Metals, Inc., WCC No. 8708-4671 (November 20, 1987) could increase this estimate, if petitions filed for pre-July 1987 claims for injury, are not mediated but filed directly with the Workers' Compensation Court.

STATE TAX APPEAL BOARD
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	5.75	15.75	10.50	11.50
Personal Services	248,239.00	313,579	270,646	298,516
Operating Expenses	189,196.94	143,922	93,221	96,247
Equipment	3,923.00	0	156	0
Total Program Costs	\$441,358.94	\$457,501	\$364,023	\$394,763
General Fund	441,358.94	457,501	364,023	394,763
Total Funding Costs	\$441,358.94	\$457,501	\$364,023	\$394,763
Current Level Services	415,634.44	457,501	364,023	394,763
Modified Level Services	25,724.50	0	0	0
Total Service Costs	\$441,358.94	\$457,501	\$364,023	\$394,763

Program Description

The State Tax Appeal Board was established by Article XIII, Section 7 of the Montana Constitution and 15-2-101 of the MCA to provide a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes (Section 15-30-147, MCA); corporate taxes (Section 15-31-532, MCA); and severance taxes, centrally assessed property, and new industry (Section 15-2-302, MCA). The board travels throughout the state to hear appeals from decisions of the county tax appeal boards. The State Tax Appeal Board conducts informational meetings on a district basis for the various county tax appeal boards. The State Tax Appeal Board directs the 40 county tax appeal board secretaries who are state employees and pays their salaries and employee benefits from its personal services appropriation. The State Tax Appeal Board reviews and pays the expenses, including employee benefits, for the 16 county tax appeal board secretaries who are county employees. The State Tax Appeal Board pays the clerically-related expenses for all 56 county tax appeal boards, i.e., supplies, postage, copies, excluding office equipment.

Budget Issues

An FTE level of 5.50 was authorized for the 1989 biennium. A temporary 0.25 FTE clerical position was added for each year to process stipulations and preparation of legal documents related to the 34% manual disparity appeals before the State Tax Appeal Board. The temporary position will not be carried into the 1991 biennium.

An additional 5.00 FTE in FY90 and 6.00 FTE in FY91 are requested because of a Department of Labor and Industry audit. The report indicated that the secretaries to the County Tax Appeal Boards should be employees of either the county or state and not paid as independent contractors. This will increase the FTE levels to 10.50 for FY90 and

11.50 for FY91. A budget amendment in FY89 increased the FTE level by 10.00 because of the same independent contractor versus employee question. It has been determined that 10.00 FTE were more than what is needed. Seventeen counties elected to have the secretaries as counties employees and \$20,518 has been included in each year of the budget request to cover those expenses. It is requested that amount be line-itemed.

SB122 passed by the 1987 Legislature, authorizes the board to contract for and use hearing officers when the work load warrants it. HB2, also from the 1987 legislative session, authorizes \$61,480 as a line-item biennial appropriation to support the costs of implementing the bill. FY88 actual expenditures were \$25,724 and are reflected in the summary of FY88 expenditures.

A line-item biennial appropriation of \$33,750 was also approved in the 1987 session, to settle the manual disparity/34% issue. The issue is still not resolved and none of the funds were expended in FY88 and it is not expected to be resolved in FY89. The agency is requesting language in the appropriation bill acknowledging that should the manual disparity cases require significant work in the 1991 biennium, the State Tax Appeal Board would seek a supplemental appropriation to pay the costs.

The recommended budget is lower than FY88 actual, but reflective of the needs of the program for the fifth year of the appraisal cycle (FY90) and the first (FY91). The Department of Revenue reappraises all property on a five year cycle.

A vacancy savings rate of 0.15% is recommended for this program, the actual rate experienced in FY88.

The program is supported with general fund.

Table 11 shows actual appeals filed at both the county and state level from tax year 1981 through 1988 and projections for 1989, 1990, and 1991.

Department of Administration Table 11
State Tax Appeal Board
Property Tax Appeals
1981 - 1991

Tax Year	County Appeals	State Appeals
1981	N/A	1,123
1982	N/A	1,208
1983	4,460	1,115
1984	1,484	371
1985	874	450
1986	14,789	3,933
1987	2,291	814
1988	1,678	350
1989	1,700	450
1990	1,700	450
1991	15,000	4,000

NOTE:

1. Tax years 1989, 1990, and 1991 are based on projections.
2. Tax year 1988 State Appeals do not reflect the receipt of 1988 appeals from Yellowstone County Tax Appeal Board.
3. Tax year 1991 is the beginning of another Department of Revenue appraisal cycle, in which the department reappraises all property in the state. Property owners will be notified of new values in 1991 and the new appraisal values will go on the tax records in 1992.

BONDS & TANS Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	0.00	1	0	0
Local Assistance	151,064.00	1,441,102	0	0
Transfers	12,764,083.25	12,175,800	12,139,082	12,058,893
Debt Service	2,496,857.40	0	1,905,000	1,814,000
Total Program Costs	\$15,412,004.65	\$13,616,903	\$14,044,082	\$13,872,893
General Fund	13,538,597.73	11,087,499	12,962,053	12,797,957
State Special Revenue Fund	623,407.92	1,929,404	482,029	474,936
Capital Projects Fund	1,249,999.00	600,000	600,000	600,000
Total Funding Costs	\$15,412,004.65	\$13,616,903	\$14,044,082	\$13,872,893
Current Level Services	15,412,004.65	13,616,903	14,044,082	13,872,893
Total Service Costs	\$15,412,004.65	\$13,616,903	\$14,044,082	\$13,872,893

Budget Issues

Section 17-5-802(2), MCA states, "All principal and interest, becoming due during a fiscal year must be included in the state budget for such year, and sufficient revenues must be appropriated for payment thereof from the general fund....". This section authorizes a statutory appropriation for the payment of the state's general obligation debt.

HB2 of the 1987 Legislature states that funds remaining in the capitol land grant account of the capitol projects fund are appropriated for the payment of principal and interest on bonds issued for public buildings at the capitol. The

appropriation is used to transfer funds from the capitol land grant fund to the debt service account.

The Board of Examiners may issue notes in anticipation of the receipt of taxes or revenue (17-1-201 and 17-1-204, MCA). The notes may be issued at any time during the year but are paid off by the end of the fiscal year. By statute the Department of Administration - "may pay all costs of issuance....and all other amounts related to the costs of issuing notes. Payment of costs must be made from amounts available therefore from the proceeds of the notes upon deposit in the general fund."

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	19.60	19.60	19.00	19.00
Personal Services	448,250.87	471,718	455,020	456,514
Operating Expenses	234,178.02	272,686	387,170	252,638
Equipment	18,789.94	1,481	3,763	1,463
Total Agency Costs	\$701,218.83	\$745,885	\$845,953	\$710,615
Non-expendable Trust Fund	701,218.83	745,885	845,953	710,615
Total Funding Costs	\$701,218.83	\$745,885	\$845,953	\$710,615
Current Level Services	701,218.83	745,885	753,112	700,730
Modified Level Services	0.00	0	92,841	9,885
Total Service Costs	\$701,218.83	\$745,885	\$845,953	\$710,615

Agency Description

The Public Employees' Retirement Division of the Department of Administration administers the retirement systems for the members and their beneficiaries of the Game Wardens', Highway Patrol, Judges', Public Employees', Sheriffs', Statewide Police, Unified Firefighters' and Volunteer Firefighters of Unincorporated Areas Retirement Systems as defined in Title 19, Chapters 3, 5, 6, 7, 8, 9, 12 and 13, MCA and the Federal-State Social Security Agreement as defined in Title II, Section 218 of the Social Security Act and Title 19, Chapter 1, MCA, subject to the goals and policies established by the Public Employees' Retirement Board.

Budget Issues

The budget request reflects the elimination of 1.00 FTE as part of the anticipated phase-out of the State Social Security Program. This phase-out is being made in response to the 1985 amendments to the federal Social Security Act which shifted the collection responsibilities to the IRS from the states and has been approved by both the Department of Administration and the Office of Budget and Program Planning.

The federal Social Security Administration (SSA) has made a statutory assessment in the amount of \$39 million against the state for the payment of social security contributions for part time employees which previously had been excluded from social security coverage under Modification 309 to the State-Federal Social Security Agreement. The state took exception and appealed this federal assessment on June 6, 1988. The state's position is that Modification 309 is a legal document and that no additional contributions are due the SSA. However, if it is determined that such contributions are due, it is the agency's position that the contributions due the federal government are closer to \$1.4 million.

The SSA is refusing to close out audit years 1984 through 1986 until the issue of coverage for previously excluded part-time employees is settled so the agency no longer anticipates being phased out of the state social security program by the end of the 1989 biennium. Depending upon developments in the case, the agency may need an additional FTE to finally phase out the program in the future, but will address the problem through the budget amendment procedure.

Operating expenses in requested FY90 increase by approximately \$66,000 when compared to FY88 actual expenditures

and FY91 increases by approximately \$15,000. The increases are due to: 1) Biennial audit costs of \$32,791 in FY90. 2) \$3,000 in FY90 for a local police valuation and \$6,500 annually for valuations required by the Federal Accounting Standards Board. 3) An increase in the allocation of costs of the legal unit in the Department of Administration's Director's Office - approximately \$6,000 annually. 4) \$5,200 of systems development charges in FY90 for modifications to the "active" membership batch system. 5) Approximately \$12,000 in FY90 and \$5,000 in FY91 for printing of annual financial reports, membership statements, state tax information forms, employer reporting booklets, and retirement handbooks. 6) \$7,700 for photocopy pool services.

The agency is requesting \$828 in FY90 and \$868 in FY91 for the replacement of office equipment. They are also requesting \$2,935 in FY90 and \$595 in FY91 for software upgrades.

A vacancy savings rate of 2% is recommended for this program.

The funding is from investment earnings from the Public Employees' Retirement System.

Table 1 shows the breakout of the membership for the Public Employees' Retirement System as of June 30, 1988, and Table 2 gives the unfunded liability history from 1980 through 1988.

Modification Request

Computer Enhancements - \$83,052 is requested in FY90 for computer enhancements in order to maintain an acceptable level of production for the retirement division's "active" computer system. Because of the growing responsibility for maintaining a current update to all members' accounts and correct actuarial information, enhancements must be made to the current system.

Buy Back FTE - The agency is requesting an additional 0.40 FTE service "buy-back" technician position. Currently 1.60 FTE are assigned to determine eligibility for, calculation costs of, and explain statutes and rules in the "buy-back" area, which is insufficient to stay abreast of the increasing work load. \$6,247 for FY90 and \$6,296 for FY91 is requested.

Pre-Retirement Seminars - Four pre-retirement seminars are offered in various parts of the state in conjunction with the

Professional Development Center each year. Each seminar is limited to 25 members, more than 700 retirees are added to the retirement rolls each year and it is proposed to double the number of seminars in order to make valuable pre-

retirement information available to more potential retirees. \$3,542 in FY90 and \$3,589 in FY91 is requested.

All three modification requests would be supported with investment earnings of the Public Employees Retirement System.

Public Employees Retirement System Table 1
Membership
June 30, 1988

June 30, 1988

Membership by Unit:	MEMBERS	TOTAL PAYROLL	AVERAGE SALARY
State Government	10,532	\$187,346,963	\$17,788
University System	2,249	34,076,000	15,152
Counties	5,390	82,464,180	15,299
Cities	2,461	49,676,114	20,185
School Districts	5,921	67,564,433	11,411
Other Governmental Agencies	789	13,113,040	16,620
Total	27,342	\$434,240,730	
Average			\$15,882
Inactive Vested	377		
Inactive Non-Vested	10,137		

Public Employees Retirement System Table 2
Unfunded Liability History
1980 - 1988

The following represent the changes in the unfunded liabilities of the various PERD administered retirement systems; each funding period represents the years it will take to amortize the current unfunded liability of the system as of the July 1 valuation conducted as of 7/1 of the calendar year indicated.

In addition, expressing net assests available for benefits as a percentage of the actuarial present value of benefits provides one indication of the extent to which a retirement system is funded. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker; the greater this percentage, the stronger the system.

	1988	1986	1984	1982	1980
Public Employees: Funding Period	24.96	28.24	36.58	42.27	
% Funded		46.5%	39.6%	35.6%	34.1%
Municipal Police Officers': Funding Period	29.51	33.60	35.92	43.55	
% Funded		29.2%	24.1%	18.4%	15.4%
Game Wardens': Funding Period	11.27	18.60	15.57	38.41	
% Funded		56.3%	43.4%	33.9%	33.3%
Sheriffs': Funding Period	-0-	-0-	10.98	24.38	
% Funding		59.3%	42.6%	34.8%	34.8%
Judges: Funding Period	35.01*	49.61*	150.0	insuff.	
% Funded		41.9%	28.6%	28.5%	28.0%
Highway Patrol: Funding Period	36.65	37.29	49.81	insuff.	
% Funded		35.4%	43.1%	35.7%	33.7%
Firefighters' Unified: Funding Period	34.25	40.23	42.29	**	
% Funded		23.1%	17.2%	13.2%	N/A

* Assumes that district court fees will be sufficient in future years to contribute an amount equal to 31% of judges salaries into this system. Since there have been major shortfalls in previous years, this is not likely to be a valid assumption; therefore, this period is probably understated.

** Until 1984, individual cities were responsible for funding the unfunded liabilities in the Police and Firefighters' retirement systems.

Only one state retirement system has no unfunded liabilities - the Sheriffs' Retirement System.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	10.40	11.00	11.00	11.00
Personal Services	224,870.87	229,899	251,319	251,684
Operating Expenses	171,899.14	237,778	199,990	174,409
Equipment	5,287.71	0	8,688	2,089
Total Agency Costs	\$402,057.72	\$467,677	\$459,997	\$428,182
Non-expendable Trust Fund	402,057.72	467,677	459,997	428,182
Total Funding Costs	\$402,057.72	\$467,677	\$459,997	\$428,182
Current Level Services	402,057.72	415,760	438,186	416,813
Modified Level Services	0.00	51,917	21,811	11,369
Total Service Costs	\$402,057.72	\$467,677	\$459,997	\$428,182

Agency Description

The Teachers Retirement System provides retirement, disability, and survivor benefits for the state teachers and their beneficiaries. The Teachers' Retirement Board which is comprised of six members, is responsible for the administration of the System. The Board is composed of the Superintendent of Public Instruction and five members appointed by the Governor. To assist the Board in fulfilling these duties the Board employs a full-time staff. The program is regulated by Title 19, Chapter 4, MCA.

\$1,875 for the replace of office equipment. \$2,089 requested in FY91 is also for the replacement of office equipment

The vacancy savings rate recommended for this program is 2%.

Funding is from investment earnings of the Teachers' Retirement System.

Table 1 shows the number of members in the Teachers' Retirement System as of June 30, 1988, contribution rates from 1978 through 1985, and the amount of unfunded liability from July 1, 1979 through July 1, 1987.

Budget Issues

The FY90 budget request includes \$17,987 of biennial audit costs, \$6,813 for a single user computer and printer, and

Teachers' Retirement System Table 1
General Information
1978 - 1988

June 30, 1988			
Number of Active Teachers:	15,039		
Number of Retired Members:	6,055		
July 1, 1987			
Average Salary:	\$25,981		
Contribution Rates:	<u>YEAR</u>	<u>EMPLOYER</u>	<u>EMPLOYEE</u>
	1978-81	6.312%	6.187%
	1981-83	6.463%	6.187%
	1983-85	7.320%	7.044%
	1985-	7.428%	7.044%
Unfunded Liabilities:	<u>YEAR</u>		<u>AMOUNT</u>
	July 1, 1979		\$354,351,575
	July 1, 1981		\$402,612,325
	July 1, 1983		\$519,277,339
	July 1, 1985		\$559,132,131
	July 1, 1987		\$586,200,249

Modification Request

Actuarial Experience Study - An actuarial study compares the actuarial assumptions with what actually happened over a period of time. Actuarial procedures require an Experience Study be performed at least every five years. An experience study has never been performed, and the TRS Board feels it

is imperative to have the study completed. \$2,950 is requested in FY90 to be supported with investment earnings of the Teachers' Retirement System.

Electronic Deposit - Approximately 50% of the new retirees request electronic deposit. The TRS Board feels this additional service would not only insure the safety and accuracy

of the deposits but would also be a convenience to the retirees. Deposits would be timely and the amount of lost or uncashed warrants would decrease. \$7,500 of investment earnings from the Teachers' Retirement System is requested in FY90.

Additional Position - An additional 0.60 FTE is requested to perform advanced technical analysis of membership

records; interpretation and application of technically complex statutes, administrative rules, and board policies; and computation and verification of the cost to qualify additional service, final tax deferred annuities, retirement, survivor, and disability benefits. Investment earnings from the Teachers' Retirement System of \$11,361 for FY90 and \$11,369 for FY91 are requested. This request was approved as a budget amendment for FY88 and FY89.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Equipment	741,743.75	0	0	0
Capital Outlay	15,717,188.03	0	0	0
Transfers	537,729.68	0	0	0
Total Agency Costs	\$16,996,661.46	\$0	\$0	\$0
State Special Revenue Fund	2,512,563.90	0	0	0
Federal & Other Spec Rev Fund	709,385.92	0	0	0
Capital Projects Fund	13,774,711.64	0	0	0
Total Funding Costs	\$16,996,661.46	\$0	\$0	\$0
Current Level Services	15,468,805.11	0	0	0
Modified Level Services	1,527,856.35	0	0	0
Total Service Costs	\$16,996,661.46	\$0	\$0	\$0

Agency Description

In 1965 the legislature implemented the Long Range Building Program (LRBP) to provide funding for the construction, alteration, repair and maintenance of State-owned buildings and grounds. The program was developed in order to present a single, comprehensive and prioritized plan for

allocating the state's resources for the purpose of capital construction and repair of state-owned facilities. Sections 17-7-201 through 17-7-204 and 18-2-101 through 18-2-105, MCA, describes the program.

The LRBP is presented in the front portion of this book.

LONG RANGE BUILDING PLAN

DEPARTMENTS & AGENCIES Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Equipment	60,739.52	0	0	0
Capital Outlay	8,665,756.27	0	0	0
Transfers	459,795.84	0	0	0
Total Program Costs	\$9,186,291.63	\$0	\$0	\$0
State Special Revenue Fund	2,512,563.90	0	0	0
Federal & Other Spec Rev Fund	709,385.92	0	0	0
Capital Projects Fund	5,964,341.81	0	0	0
Total Funding Costs	\$9,186,291.63	\$0	\$0	\$0
Current Level Services	9,131,390.94	0	0	0
Modified Level Services	54,900.69	0	0	0
Total Service Costs	\$9,186,291.63	\$0	\$0	\$0

UNIVERSITY SYSTEM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Equipment	479,679.75	0	0	0
Capital Outlay	4,156,449.42	0	0	0
Transfers	77,933.84	0	0	0
Total Program Costs	\$4,714,063.01	\$0	\$0	\$0
Capital Projects Fund	4,714,063.01	0	0	0
Total Funding Costs	\$4,714,063.01	\$0	\$0	\$0
Current Level Services	3,359,141.45	0	0	0
Modified Level Services	1,354,921.56	0	0	0
Total Service Costs	\$4,714,063.01	\$0	\$0	\$0

INSTITUTIONS Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Equipment	201,324.48	0	0	0
Capital Outlay	2,894,982.34	0	0	0
Total Program Costs	\$3,096,306.82	\$0	\$0	\$0
Capital Projects Fund	3,096,306.82	0	0	0
Total Funding Costs	\$3,096,306.82	\$0	\$0	\$0
Current Level Services	2,978,272.72	0	0	0
Modified Level Services	118,034.10	0	0	0
Total Service Costs	\$3,096,306.82	\$0	\$0	\$0

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	88.00	90.13	89.50	91.00
Personal Services	2,106,569.09	2,248,339	2,286,019	2,326,680
Operating Expenses	903,527.38	1,254,092	1,062,187	1,067,679
Equipment	115,317.95	132,035	195,428	130,539
Grants	1,073,743.78	1,391,773	1,556,800	1,560,122
Debt Service	1,290.00	1,291	0	0
Total Agency Costs	\$4,200,448.20	\$5,027,530	\$5,100,434	\$5,085,020
General Fund	1,485,339.02	1,566,810	1,513,809	1,465,579
State Special Revenue Fund	1,167,530.50	1,388,163	1,382,426	1,389,400
Federal & Other Spec Rev Fund	1,319,098.26	1,780,415	1,902,346	1,927,677
Proprietary Fund	10,505.65	33,490	30,716	30,865
Expendable Trust Fund	217,974.77	258,652	271,137	271,499
Total Funding Costs	\$4,200,448.20	\$5,027,530	\$5,100,434	\$5,085,020
Current Level Services	3,997,044.04	5,027,530	4,818,538	4,787,300
Modified Level Services	203,404.16	0	281,896	297,720
Total Service Costs	\$4,200,448.20	\$5,027,530	\$5,100,434	\$5,085,020

Agency Description

The Department of Agriculture was established by Article XII, Section I of the Montana Constitution. It is designed to encourage and promote the interests of all agricultural and allied industries in Montana; collect and publish statistics relating to the production and marketing of agricultural products; assist, encourage and promote the organization of farmers; gather and distribute marketing information; and administer regulations pertaining to production and marketing of food and fiber products (section 8-1-102, MCA).

Budget Issues

In FY88 the department reorganized programs into divisions and bureaus consistent with statutory requirements, resulting in upgrades for two staff members. The most significant change was to expand the Agricultural Development Division by transferring in three functions: the Hail Insurance Unit, the Wheat and Barely Unit and the Noxious Weed Control Program from the Director's Office in Centralized Services.

CENTRALIZED SERVICES DIVISION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	10.00	10.00	10.00	10.00
Personal Services	279,921.53	303,384	308,066	308,946
Operating Expenses	76,297.98	59,660	89,673	69,838
Equipment	6,144.39	0	2,860	5,100
Total Program Costs	\$362,363.90	\$363,044	\$400,599	\$383,884
General Fund	229,772.18	214,955	211,683	192,385
State Special Revenue Fund	78,557.00	72,345	92,462	94,162
Federal & Other Spec Rev Fund	54,034.72	46,935	64,725	65,055
Expendable Trust Fund	0.00	28,809	31,729	32,282
Total Funding Costs	\$362,363.90	\$363,044	\$400,599	\$383,884
Current Level Services	362,363.90	363,044	400,599	383,884
Total Service Costs	\$362,363.90	\$363,044	\$400,599	\$383,884

Program Description

Centralized Services Division provides accounting, fiscal management, payroll, personnel, purchasing, property con-

trol, data processing, systems analysts and computer programming, equal opportunity administration and legal support to all programs within the department.

Budget Issues

Authorized FTE do not change, but one position is upgraded from a grade 8 to a grade 9 due to an increase in delegated agency purchasing authority by the Department of Administration. The vacancy savings rate is 2%.

In addition to the FY88 program expenses shown in the main table, there were \$24,041 of hail insurance expendable trust fund costs and \$6,185 of rural development and rehabilitation expendable trust fund costs, neither of which are budgeted pursuant to 80-2-103, MCA. These trust funds would increase the FY88 base as follows: \$7,519 in personal services and \$22,707 in operating expenses for total FY88 program costs of \$392,590. Comparable expendable trust funds appear in the FY89 through FY91 columns.

Operating expenses are budgeted at or below current level with the exception of increases for: on-line edit and entry

and related mainframe line and computer charges; U. S. Department of Agriculture daily bulletins and state library lexis access; rent; updating the network operating system; education and training and dues for the National Association of State Departments of Agriculture. The difference between the first and second year of the 1991 biennium is due primarily to inclusion of \$23,521 for audit costs in FY90.

Equipment includes multi-user computers and terminals, a wide carriage printer and a calculator.

A \$7,710 program transfer from environmental management to this program was left in the FY88 base.

Funding is a pro rata 20% of the revenue sources budgeted for the department's programs, with the percentage rate derived from total agency personal services plus 2.5% of all grants in comparison to the centralized services budget.

ENVIRONMENTAL MANAGEMENT DIV Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	25.50	26.83	26.00	27.50
Personal Services	670,884.98	669,386	687,361	723,989
Operating Expenses	204,761.97	236,047	232,339	254,587
Equipment	77,454.64	98,435	145,989	89,116
Grants	0.00	19,900	17,081	17,081
Total Program Costs	\$953,101.59	\$1,023,768	\$1,082,770	\$1,084,773
General Fund	595,367.57	612,823	682,311	670,294
State Special Revenue Fund	122,012.84	167,115	176,267	167,778
Federal & Other Spec Rev Fund	235,721.18	243,830	224,192	246,701
Total Funding Costs	\$953,101.59	\$1,023,768	\$1,082,770	\$1,084,773
Current Level Services	887,851.94	1,023,768	961,175	943,069
Modified Level Services	65,249.65	0	121,595	141,704
Total Service Costs	\$953,101.59	\$1,023,768	\$1,082,770	\$1,084,773

Program Description

The Environmental Management Division is responsible for administering the Montana Pesticides Act, the Crop Insect Detection and Management Act, the Vertebrate Pest Management Act, elements of the Noxious Plant Management Assistance Act, and for managing the department's Chemical Analytical Laboratory. Technical and consultant services are also provided to consumers and agricultural producers in the pesticide, analytical chemistry and pest management program areas.

The Field Services, Technical Services and Laboratory Bureau are respectively responsible for the pesticide enforcement program, pest and pesticide services and training program, and for the analysis of feeds, fertilizers, pesticides and other chemicals in agricultural commodities and environmental samples.

Budget Issues

Program current-level FTE and personal services remain constant with cost increases due to compensation for the

new Vertebrate Pest Management Advisory Council and new-to-the-program employee step adjustments. Division reorganization has been internal; two FTE moved from administration to technical services.

Operating expenses are budgeted with inflation at or below current level, plus adjustments for laboratory supplies, increased requests for information about EPA-registered pesticides, and costs for training more pesticide applicators and dealers in FY91. There are additional operating expense increases of about \$6,900 each year and grant increases of \$17,081 per year for Environmental Protection Agency (EPA) required studies on rodenticides, strychnine, 1080 and alternative rodenticides, which are being conducted in cooperation with other western states and are made possible by 1987 Legislative action to assess a 5% surcharge on all field rodenticides sold at retail.

Table 1 below summarizes the pesticide licensing, registration, certification and enforcement activities of the division from 1988 through the 1991 biennium. The number of licenses issued increases from 10,217 in FY88 to 10,660 in FY91.

Department of Agriculture Table 1
Environmental Management Pesticide Activities
Fiscal 1988 Through Projected 1991

Activity	Actual FY88	Projected FY89	Projected FY90	Projected FY91
Commercial applicators	745	784	800	835
Government applicators	512	515	520	525
Operators	878	934	900	900
Dealers	544	537	540	550
Farm applicators *	7,538	7,641	7,800	7,850
No. Licenses Issued	10,217	10,411	10,560	10,660
Products Registered	4,989	4,989	4,980	4,980
Companies Registered	451	457	450	450
Training Sessions	8	11	10	9
No. Persons Trained	590	750	565	770
Inspections Conducted	903	1,050	1,050	1,050
Cases Investigated	78	55	60	60

* Cooperative Extension Service trains farm applicators

Current-level equipment is recommended at \$51,220 in FY90 and \$30,857 in FY91. First year items include \$2,100 for a field services truck topper and computer upgrades; \$12,720 for technical services to replace a truck and upgrade computers; and \$36,400 for a laboratory copier, freezer, shaker, stirrer, hot plates, refrigerator, food chopper and HPLC analysis system. Second year items include \$1,500 for field services computer upgrades; \$2,207 for technical services computer upgrades and two slide projectors; and \$27,150 for laboratory replacement carts, centrifugal mill, Wiley mill, muffle furnace, vacuum oven, view box, top-

loading balance and photoconductivity detector necessary for new types of herbicides.

The division transferred \$7,710 to centralized services and this was not restored to the FY88 base.

As part of its effort to help balance the budget, the department is proposing to increase registration and licensing fees of the Montana Pesticide Act, 80-8-203 et seq, MCA. It is projected that these increases, which are summarized in Table 2 below, will generate \$132,400 per year in additional general fund revenue. Modifications recommended would require \$97,995 of general fund in FY90 and \$98,604 in FY91.

Department of Agriculture Table 2
Pesticide Registration and Licensing Recommended Fee Increase
Current Rates and New Rates Effective July 1, 1989

Category of Fee	Current Fee	Recommended Fee
Pesticide Registration (chemical companies)	\$50	\$75
Private Applicators (farmers and ranchers)	15	15
Pesticide Dealers (retail businesses)	35	45
Pesticide Applicators (commercial)	35	45

The program is funded with general fund, state special revenue and federal and other special revenue. State special revenue includes: fees for administering pesticide training and use courses (\$10,297 in FY90 and \$11,265 in FY91); a 25 cent per ton tax on commercial fertilizer (\$70,714 in FY90 and \$65,960 in FY91); a 15 cent per ton tax on commercial feed (\$70,714 in FY90 and \$65,960 in FY91); and the new 5% surcharge on rodenticides (\$24,542 in FY90 and \$24,593 in FY91). Federal and other special revenue includes EPA funds and \$5,000 per year collected from sale of pesticide manuals.

Modification Request

New EPA Regulations - This modification request responds to implementation of new EPA pesticide labeling programs on groundwater, endangered species, pesticide disposal, farm worker pesticide protection standards and certification. One

pesticide specialist is requested, phased-in at 0.25 FTE in FY90 and 1.00 FTE in FY91, plus operating expenses and equipment budgeted at \$16,438 and \$26,482 each year respectively. The general fund portion, to be paid with the increased fees outlined in Table 2 above, is \$7,483 in FY90 and \$24,619 in FY91. Federal revenue is EPA grant funds of \$14,700 in FY90 and \$24,900 in FY91, for a total cost of \$22,183 and \$49,519 each year respectively.

New EPA Groundwater Regulations - Support of EPA labeling on pesticides in groundwater will involve planning and monitoring up to 60 pesticides that may contaminate groundwater at vulnerable sites. The increased sampling and chemical analyses will require the addition of one analytical chemist to the laboratory staff, to be phased-in at 0.25 FTE in FY90 and 1.00 FTE in FY91, plus operating expenses budgeted at \$9,675 and \$18,048 each year respectively. The general fund portion, to be paid with the increased fees out-

lined in Table 2 above, is \$6,420 in FY90 and \$22,485 in FY91. Federal revenue is EPA grant funds of \$8,900 in FY90 and \$18,200 in FY91, for a total cost of \$15,320 and \$40,685 each year respectively.

Replace Gas Chromatograph/Mass Spectrometer (GCMS) - The GCMS is the primary laboratory instrument used to

identify and confirm pesticides in samples. This one-time modification will replace an 11-year-old unit which can no longer be maintained and which no longer provides up-to-date analyses. The GCMS is recommended to be purchased in FY90 with \$84,092 of general fund and the related data system to be added in FY91 with \$51,500 of general fund.

PLANT INDUSTRY DIVISION Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	31.83	31.83	31.50	31.50
Personal Services	702,853.77	785,347	769,507	771,861
Operating Expenses	133,696.01	167,340	152,916	152,351
Equipment	12,996.24	31,100	34,198	32,281
Total Program Costs	\$849,546.02	\$983,787	\$956,621	\$956,493
General Fund	396,177.99	422,945	433,090	420,934
State Special Revenue Fund	435,909.36	494,081	482,600	494,727
Federal & Other Spec Rev Fund	6,953.02	33,271	10,215	9,967
Proprietary Fund	10,505.65	33,490	30,716	30,865
Total Funding Costs	\$849,546.02	\$983,787	\$956,621	\$956,493
Current Level Services	849,546.02	983,787	956,621	956,493
Total Service Costs	\$849,546.02	\$983,787	\$956,621	\$956,493

Program Description

The Plant Industry Division administers agricultural programs relating to the production, manufacturing, and marketing of commodities exported from or distributed in the state. The division provides services to industry by: (a) performing professional insect/disease surveys; (b) comprehensive feed mill inspections; (c) issuing official commodity certificates; (d) issuing dealer licenses/permits; (e) registration of products; (f) analytical analyses for bees, etc.; (g) the collection of various assessment fees. Division personnel provide technical/scientific information upon request to the industry and the general public, investigating and resolving consumer complaints ranging from product contamination and quality control to elevator bankruptcies and non-payment for products.

Budget Issues

Staff decrease by 0.33 FTE as a result of the department voluntarily eliminating this unfilled position in the animal feed unit. Personal services, however, increase from FY88 to FY90 as a result of base year under expenditure of salaries and benefits in the amount of nearly \$59 thousand and less-than-expected compensation for the Alfalfa Leafcutting Bees Advisory Council.

There is an increase in all operating expense categories from FY88 to FY90, although the recommended biennial costs are less than the FY89 operating budget. Contracted services are adjusted primarily for legal on-line research and U. S. Department of Agriculture inspection fees for tomatoes and for a FY88 federal invoice that arrived too late to be included in the base year. Inspection, laboratory and data processing supplies increase, as does postage. There is a \$4,728 travel adjustment from FY88 to FY90 because of increased potato, tomato and other inspection requirements and because the division administrator will serve as chair-

man of the National Plant Board until September 1990. Some increases are budgeted for repair and maintenance and staff development and training is increased to \$75 per employee for the biennium.

Equipment for FY90 by bureau includes \$14,473 in administration for a half-ton truck, printer, fax machine for Billings and computer upgrades and software; \$2,550 in commodity services for a personal computer; \$675 in medicated feed for sampling scales and software; and \$16,500 in grain standards for printer, computer upgrades, two inspector scales and "falling numbers" gluten lab analysis equipment required for export shipments.

Equipment for FY91 by bureau includes \$3,745 in administration for a fax machine in Great Falls and computer upgrades and software; \$9,000 in commodity services to replace a high-mileage vehicle; \$460 in medicated feed for sampling scales and software; and \$19,076 in grain standards for a van, computer upgrades and two inspector scales.

General fund decreases from 47% of program costs in FY88 to 45% in FY90 and to 44% in FY91. State special revenue includes: \$1 a ton tax on anhydrous ammonia fertilizer (\$30,518 in FY90 and \$30,652 in FY91); 25 cent a ton tax on fertilizer (\$49,125 in FY90 and \$52,551 in FY91); charges for analytical grain services (\$350,695 in FY90 and \$355,831 in FY91); 15 cent per ton tax on commercial feed (\$49,125 in FY90 and \$52,551 in FY91); and apple inspection fees (\$3,137 in FY90 and \$3,142 in FY91). Federal and other special revenue is a wheat research and marketing grant of \$1,060 each year, with the balance from federal grants. Proprietary funds are fees paid by bee keepers.

Although no modifications are recommended, the department received approval from the Governor to submit a \$45,500 request to the Long-Range Building Committee for the purpose of remodeling the protein section of the grain

laboratory in Great Falls in order to meet federal specifications for dust-free protein determination, reduce a potential

health hazard and improve maintenance of electronic equipment.

AGRICULTURAL DEVELOPMENT				
Budget Detail Summary				
	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	20.67	21.47	22.00	22.00
Personal Services	452,908.81	490,222	521,085	521,884
Operating Expenses	488,771.42	791,045	587,259	590,903
Equipment	18,722.68	2,500	12,381	4,042
Grants	1,073,743.78	1,371,873	1,539,719	1,543,041
Debt Service	1,290.00	1,291	0	0
Total Program Costs	\$2,035,436.69	\$2,656,931	\$2,660,444	\$2,659,870
General Fund	264,021.28	316,087	186,725	181,966
State Special Revenue Fund	531,051.30	654,622	631,097	632,733
Federal & Other Spec Rev Fund	1,022,389.34	1,456,379	1,603,214	1,605,954
Expendable Trust Fund	217,974.77	229,843	239,408	239,217
Total Funding Costs	\$2,035,436.69	\$2,656,931	\$2,660,444	\$2,659,870
Current Level Services	1,897,282.18	2,656,931	2,500,143	2,503,854
Modified Level Services	138,154.51	0	160,301	156,016
Total Service Costs	\$2,035,436.69	\$2,656,931	\$2,660,444	\$2,659,870

Program Description

The Agricultural Development Division is composed of the Rural Development, Marketing and Wheat and Barley Bureaus. Responsibilities of the Rural Development Bureau include: providing direct low interest rate agricultural loans; providing grain or hay growers insurance and protection against crop loss due to hail; providing for the statewide management and control or eradication of noxious weeds; and, providing peer counseling, financial consulting, and debt mediation services. The Marketing Bureau responsibilities include: providing for the development of new markets and enhancement of existing markets for traditional and alternative agricultural crop and value added products; providing for the collection and publication of production and other statistical information for agricultural products and related issues; and providing for research and market development of alfalfa seed. Responsibilities of the Wheat and Barley Bureau include: promoting market development and intensive scientific and practical research of wheat and barley culture, production and use. The program also provides for administration of the Montana Agricultural Loan Authority which provides for approval of a tax-deduction to sellers of agricultural land who sell to a qualified beginning farmer.

Budget Issues

There is a current-level decrease of 3.00 FTE comprised of an agency reduction of 0.67 FTE in alfalfa seed and of 2.33 FTE, which were approved in modifications during previous legislative sessions and are recommended to be continued through budget modifications. Personal services in the current-level budget decrease accordingly.

Operating expenses increase in current level by \$49,143 from FY88 to FY'90 primarily as a result of a \$79,000 adjustment by the Wheat and Barley Committee in dues paid to the U. S. Wheat Associates and the U. S. Feed Grains

Council. This adjustment offsets budget decreases in all other second-level categories.

Current-level equipment is \$7,548 in FY90 and \$3,740 in FY91 for computer upgrades, software and office items.

Because the FY88 department reorganization caused significant changes in the Agricultural Development Division, a breakdown of the division's recommended current-level budget follows:

	FY90	FY91
<u>Administration</u>		
FTE	0.00	0.00
Personal Services	0	0
Operating Expenses	\$8,500	\$8,500
Total	\$8,500	\$8,500

Funding Source: State special revenue Ag in Montana Schools

<u>Alfalfa Seed Committee</u>		
FTE	0.33	0.33
Personal Services	8,844	8,867
Operating Expenses	\$11,388	\$11,413
Total	\$20,232	\$20,280

Funding Source: State special revenue Alfalfa Seed Assessment

<u>Rural Development</u>		
FTE	1.34	1.34
Personal Services	\$35,472	\$35,594
Operating Expenses	12,422	13,817
Equipment	2,500	100
Grants	20,000	20,000
Total	\$70,394	\$69,511

Funding Source: Rural Development & Rehab expendable trust

Noxious Weed Control	FY90	FY91
FTE	1.25	1.25
Personal Services	\$ 34,964	\$ 34,984
Operating Expenses	16,547	16,954
Equipment	1,000	400
Grants	522,029	523,705
Total	\$574,540	\$576,043

Funding Source: State special revenue noxious weed 1 cent per dollar surcharge on herbicides & 50 cent vehicle registration fee

Hail Insurance	FY90	FY91
FTE	6.30	6.30
Personal Services	\$119,781	\$120,181
Operating Expenses	40,283	40,675
Equipment	2,050	1,950
Total	\$162,114	\$162,806

Funding Source: Hail insurance expendable trust

Marketing	FY90	FY91
FTE	5.33	5.33
Personal Services	\$118,641	\$118,757
Operating Expenses	41,019	40,859
Equipment	398	398
Total	\$160,058	\$160,014

Funding Sources: General fund, USDA federal grant, Wheat & Barley Committee grant, private donations

Wheat and Barley Bureau	FY90	FY91
FTE	3.12	3.12
Personal Services	\$ 95,021	\$ 95,071
Operating Expenses	409,994	411,401
Equipment	1,600	892

	FY90	FY91
Grants	997,690	999,336
Total	\$1,504,305	\$1,506,700

Funding Source: Wheat and barley assessment

Administration - There are no FTE listed because the two staff positions have been continued through budget modifications since 1983 and are recommended to become permanent in a modification below. Expenses and revenue in current-level administration are for continuation of the Agriculture in Montana Schools Program.

Alfalfa Seed Committee - The department recommends and there is budgeted a decrease of 0.67 FTE for the 1991 biennium due to declining workload and revenue in this program.

Rural Development - The \$20,000 each year for grants includes \$17,400 for the annual Young Farm Couples Conference, \$2,000 for rural community development grants to help fund 4-H and Future Farmers of America (FFA) projects and \$600 for FFA Building Our American Communities projects. This program also has a loan portfolio of \$1.5 million which includes 171 junior ag livestock loans and 49 other farm and ranch assistance loans. These activities are funded by the rural development and rehabilitation expendable trust established in 80-2-101, MCA, in accord with Public Law 499. Funds for program administration and grants are appropriated in the general appropriations act; funds for loans are statutorily appropriated. Table 3 below summarizes the growth in this expendable trust from a FY84 beginning balance of \$1,674,754 to a FY88 ending balance of \$2,079,754. About 75% of the trust assets are receivable loan repayments.

Department of Agriculture Table 3
Growth in Rural Development and Rehabilitation Expendable Trust
Fiscal Years 1984 - 1988

Trust	FY84	FY85	FY86	FY87	FY88
Beginning Fund Balance	\$1,674,754	\$1,756,713	\$1,846,437	\$1,935,155	\$2,021,727
Revenues	141,090	150,726	151,296	158,194	146,876
Expenditures/Adjustmts	59,131	61,002	62,578	71,622	88,849
Ending Fund Balance	1,756,713	1,846,437	1,935,155	2,021,727	2,079,754

Noxious Weed Control - FTE continue unchanged, operating expenses increase more than 19% and grants increase about 8%. Because of the additional revenue generated by the 50 cent fee on annual vehicle registration, adopted in HB102 by the 1987 Legislature, there is no general fund budgeted for program administration in the 1991 biennium.

Hail Insurance - The hail program manager was named Rural Development Bureau Chief in the FY88 department reorganization and now supervises three current-level programs—hail, weed control and rural development—and the temporary counseling and mediation program which would be extended through a modification summarized below.

Producers engaged in growing crops may elect annually to participate in the state's Hail Insurance Program, to pay the levy on covered lands and to share in the protection and benefits. Table 4 below shows program data for the first year of each decade from 1920 through 1980, plus information for 1986 and 1987. The number of policies increased to 3,038 in 1987 and the amount levied increased to \$3,018,007. Refunds to the taxpayer participants are approved by the board in years when losses are low enough to permit such benefits and these refunds increased to a new high of \$2,100,000 or 70% in 1987.

Department of Agriculture Table 4
History of State Hail Insurance Program
By Decades From 1920 to 1980 and Last Two Years

Year	No. of Policies	Risk	Levy	Amount Losses	No. of Losses	Loss Ratio	% of Refund	Refund Amount
1920	2,383	\$ 3,233,052	\$ 299,731	\$ 754,570	638	251.70	0	\$0
1930	1,562	2,001,047	145,700	93,315	249	64.00	0	0
1940	1,040	919,895	71,453	95,483	341	133.60	0	0
1950	3,039	5,993,270	543,083	134,628	261	24.70	0	0
1960	5,844	8,160,074	652,107	452,654	515	69.40	25	163,027
1970	2,657	8,422,974	748,659	296,767	467	40.00	58	434,038
1980	1,326	15,133,911	1,209,283	1,590,523	439	132.00	0	0
1986	2,861	34,180,835	2,968,198	1,134,795	453	38.20	60	1,780,919
1987	3,038	34,991,738	3,018,007	713,650	362	23.60	70	2,100,000
1988 figures not yet final								

Marketing - This function includes: (1) Agricultural Statistics Program, which publishes a bulletin and is located in the federal building; (2) a Grain Movement Marketing Program funded with \$3,700 from the Wheat and Barley Committee; (3) and marketing of other agricultural products, which receives private donations and general fund, with general fund recommended at \$40,347 in FY90 and \$39,387 in FY91.

In addition, there was a marketing grant of \$22,680 in FY88 and \$100,000 in FY89 from the Growth Through Agriculture Montana Agriculture Development Council. A USDA grant of \$55,000 for the 1989 biennium was approved by budget amendment to enable identification of alternative crop markets.

Wheat and Barley Bureau - Directors of the Wheat and Barley Committee, formerly known as the Wheat Research and Marketing Committee, have voted to increase the assessment on wheat and barley, pursuant to 80-11-206, MCA. This enables the 1991 biennium current-level budgets to increase by about 56% over FY88 actual, with the majority of the added income being used for research, marketing, education and transportation grants.

Modification Request

Weed Control/Junior Ag Loan - A 1.00 FTE administrative assistant would be added to work two-thirds time in the Noxious Weed Control Program on increasing responsibilities made possible by the 50 cent vehicle assessment and one-third time in the Rural Development Program servicing the increasing number of loans. Modification funding is split along program lines, with the FY90 total budget of \$29,725 including noxious weed funds of \$22,825 and rural expendable trust funds of \$6,900, and the FY91 total budget of \$29,810 including \$22,910 and \$6,900 of the same funds respectively.

Agricultural Development Division Administration - This modification is for 1.00 FTE division administrator, 0.33 FTE secretary and approximately \$4,900 each year for operating expenses. Total cost is general fund of \$49,500 in FY90 and \$49,600 in FY91.

Wheat and Barley Bureau Expansion - With the addition of barley research and marketing responsibilities, the bureau workload is increasing and this modification would add 1.00 FTE administrative assistant to be accountable for barley issues and corresponding grant activity. A current-level staff member will be responsible for wheat issues in an internal reorganization. Funding is the committee's assessment and total costs are \$28,000 in FY90 and \$23,330 in FY91.

Continue Counseling and Mediation Program - The department is submitting legislation to continue with amendments the Agricultural Assistance and Counseling Program contained in Title 80, Chapter 13, MCA, which is scheduled to sunset July 1, 1989. This modification would continue the 1.00 FTE program manager and operating expenses, as well as recognize that the U. S. Farm Credit Act will provide 50% federal cost sharing for mediation expenses and administrative costs. The total FY90 cost is \$53,076, comprised of \$25,967 general fund, \$22,109 federal funds and \$5,000 in counseling and consulting fees. The total FY91 budget is \$53,276, including \$26,152 general fund, \$22,124 federal funds and \$5,000 in fees for services.

Table 5 below shows that this program provided 1,514 service contacts when it began in FY87, 752 assistance services in FY88 and anticipates serving 700 each year of the 1991 biennium. The FY88 program expenditures were \$122,326 for an average cost of approximately \$163 per service delivered. The average cost of service each year of the 1991 biennium is projected to be about \$76 based in part on the fact that 600 or 86% of the services are telephone calls.

Department of Agriculture Table 5
 Services of Agricultural Assistance Program
 From Inception Through FY91 Projections

Assistance Provided	Actual FY87	Actual FY88	Projected FY89	Projected FY90	Projected FY91
Hotline Calls	1,195	601	600	600	600
Peer Counseling	227	113	100	50	50
Financial Consulting	63	29	30	10	10
Debt Mediation	29	9	20	40	40
Total	1,514	752	750	700	700

GENERAL NARRATIVE

The Department of Institutions consists the Director's Office, the divisions and programs of the Central Office, and the various institutions located throughout the state. The Director's Office, Management Services Division, Corrections Division, and the Treatment Services Division are all headquartered in Helena and are presented separately. Each Institution is presented as separate agencies in this document. Statistical tables are included showing population trends, costs and staffing.

The Fiftieth Legislature authorized language in the General Appropriations Act (HB2) which allows program transfers in excess of 5% between the various agencies within the Corrections Division and the Treatment Services Division. This action is most helpful to the department in meeting the managerial challenges of successfully operating the various institutions. The Department of Institutions requests the same language in the Appropriations Act for the 1991 biennium.

During the June Special Session of the 49th Legislature, HB40 was passed which required the department to report to the legislature on the feasibility of consolidating certain services or programs within state government. The department reported that perhaps some services could be contracted with the private sector.

After the regular session of the 50th Legislature, the Department of Institutions undertook a study to determine the feasibility of having the private sector operate certain functions within the institutions. As a result of this study, the department decided to contract with the private sector to operate its pharmacies.

The decision to contract for pharmaceutical services was made for the following reasons: 1) The salary level paid to pharmacists by the State of Montana was no longer competitive with the private sector. Local pharmacies were offering up to \$6.00 per hour more than the state. It was, therefore, difficult to recruit for vacant pharmacist positions. 2) The department was encountering problems in maintaining certification at some of its pharmacies. Loss of certification would result in lost revenue to the general fund. 3) The

department is hoping in the long term to effect an overall savings by implementation of a standardized formulary and state of the art medication distribution systems. 4) The department will have the benefit of purchasing power and expertise of a national firm in procuring drugs.

This budget includes the department's recommendation to continue the pharmaceutical contract. The budget includes contracted services for the management of the pharmacies and increases in the cost of drugs. The state pharmaceutical positions have been deleted to help offset cost of the contract.

It is hoped that the contract with the private provider can reduce the cost of drugs. This recommendation includes a 10% reduction to the FY88 base drug costs to realize some potential savings in the 1991 biennium. However, the base level has then been given an inflation adjustment of 12.4% in FY90 and 18.8% in FY91. Since there has not been on full year of experience under the new contract, a comparison was made between amounts budgeted for FY88-89 and FY90-91.

After the pharmaceutical positions have been deleted and the adjustment has been made to drugs, this contract increases the biennial general fund request throughout the department by over \$400,000 from the budgeted level for the 1989 biennium.

This budget also addresses the recommendations made by the Governor's Criminal Justice and Corrections Advisory Council. There are modified recommendations in the Corrections Division and the Montana State Prison as a result of the Council's efforts.

Adjustments have been made in the mental health institutions impacted by the 1987 Omnibus Budget Reconciliation Act (OBRA). This Act has applied stricter standards for nursing and mental health facilities.

Several modified recommendations are made in response to federal Health Care and Finance Administration (HCFA) inspections of mental health institutions. Also, modification requests were made at the Montana Veteran's Home in response to new Veteran Administration standards for domiciliary care which were adopted on November 26, 1986.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	152.80	152.95	157.12	156.50
Personal Services	3,787,245.75	3,970,551	4,053,365	4,053,542
Operating Expenses	2,992,908.12	3,601,949	3,406,202	3,221,963
Equipment	199,955.18	25,080	120,789	16,210
Local Assistance	1,280,200.00	0	1,000,000	900,000
Grants	6,743,134.86	8,305,652	7,190,297	7,190,297
Debt Service	49,389.04	1,541	896	524
Total Agency Costs	\$15,052,832.95	\$15,904,773	\$15,771,549	\$15,382,536
General Fund	10,613,199.92	11,028,752	11,111,561	10,946,858
State Special Revenue Fund	1,591,646.17	1,452,221	1,345,859	1,219,929
Federal & Other Spec Rev Fund	2,847,986.86	3,417,522	3,308,082	3,215,749
Proprietary Fund	0.00	6,278	6,047	0
Total Funding Costs	\$15,052,832.95	\$15,904,773	\$15,771,549	\$15,382,536
Current Level Services	14,892,588.09	14,901,862	14,732,356	14,488,426
Modified Level Services	160,244.86	1,002,911	1,039,193	894,110
Total Service Costs	\$15,052,832.95	\$15,904,773	\$15,771,549	\$15,382,536

Agency Description

The Department of Institutions is provided for in section 2-15 2301, MCA. Section 53-1-201 defines its purpose:

"The department of institutions shall utilize at maximum efficiency the resources of state government in a coordinated effort to restore the physically or mentally disabled, to rehabilitate the violators of laws, to sustain the vigor and dignity of the aged, to train children of limited mental capacity to their best potential, to rededicate the resources of the state to the productive independence of its now dependent citizens, and to coordinate and apply the principles of modern institutional administration to the institutions of the state."

In carrying out these purposes, the department staff seek to provide care and treatment services of a quality that will guarantee the rights of residents, comply with state and federal standards, and when possible, return residents of the institutions to a normal life in the community. The objectives are to improve the coordination of services provided by institutions through the development of new management techniques and to make management information readily available to the institutions.

The following institutions are in the department: Montana Developmental Center, Center for the Aged, Eastmont Human Services Center, Montana State Prison, Swan River Forest Camp, Montana Veterans' Home, Montana State Hospital and the Women's Correctional Center.

DIRECTOR Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	9.00	9.00	9.00	9.00
Personal Services	317,285.28	333,873	337,078	337,979
Operating Expenses	43,718.38	43,405	46,461	46,732
Equipment	14,161.06	0	0	0
Total Program Costs	\$375,164.72	\$377,278	\$383,539	\$384,711
General Fund	375,164.72	377,278	383,539	384,711
Total Funding Costs	\$375,164.72	\$377,278	\$383,539	\$384,711
Current Level Services	375,164.72	377,278	383,539	384,711
Total Service Costs	\$375,164.72	\$377,278	\$383,539	\$384,711

Program Description

The Director's Program staff is responsible for the effective management and planning of the programs of the depart-

ment's three divisions (Treatment Services Division, Corrections Division, and Management Services Division) and respective institutions. They also provide administrative support for the Board of Pardons, as well as legal, personnel

and labor relations support services for the central office and the institutions.

Budget Issues

The current level of 9.00 FTE is recommended for the Director's Program. A 2% vacancy savings is recommended for this program. The category Personal Services Other in FY89 reflects \$98,667 for HB870. This is the teacher's pay

bill which is distributed from the Director's Program to the impacted agencies.

The general fund increases by 2.2% in FY90 and 2.5% in FY91. This increase is primarily attributable to: 1) a lower vacancy savings rate this biennium, 2) funding and travel for all Medical Review Board members, 3) building rent increases, and 4) repair and maintenance contracts for multi user terminals.

MANAGEMENT SERVICES DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	28.00	28.00	28.00	28.00
Personal Services	636,299.34	679,654	688,308	689,092
Operating Expenses	150,098.85	284,750	320,146	160,785
Equipment	36,071.13	1,050	294	0
Debt Service	46,815.48	0	0	0
Total Program Costs	\$869,284.80	\$965,454	\$1,008,748	\$849,877
General Fund	869,284.80	946,946	990,609	849,877
State Special Revenue Fund	0.00	4,521	4,455	0
Federal & Other Spec Rev Fund	0.00	7,709	7,637	0
Proprietary Fund	0.00	6,278	6,047	0
Total Funding Costs	\$869,284.80	\$965,454	\$1,008,748	\$849,877
Current Level Services	869,284.80	965,454	1,008,748	849,877
Total Service Costs	\$869,284.80	\$965,454	\$1,008,748	\$849,877

Program Description

The staff of the Management Services Division is responsible for the department's budgeting and accounting services, reimbursement services and data processing services. The division also provides technical assistance to all institutions in budgeting, accounting, and other management areas. The division bills and collect the various types of revenue generated by the department, to include Medicaid, Medicare, Insurance, private and VA. In addition, the division operates its own computer main frame, with remote locations at all institutions and P&P offices.

Budget Issues

The current level of 28.00 FTE is recommended in FY90 and FY91 in the Management Services Division. A 2% vacancy savings rate is recommended for this program.

Contracted Services increases significantly because all institutional audit costs of \$159,111 are consolidated in the Management Services Division. Other operational increases include: 1) data network charges to the Department of Administration for all institutions to link electronically to SBAS, 2) on line edit and entry charges to the D. of A., 3) long distance data circuit charges, 4) building rent charges, 5) multi-user computer maintenance contract, and 6) building maintenance.

The recommended equipment is for office equipment.

The debt service for the system 38 computer was paid off in FY88.

ALCOHOL & DRUG ABUSE DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	9.00	9.00	9.00	9.00
Personal Services	227,496.43	257,235	254,319	255,012
Operating Expenses	88,135.66	88,954	107,807	85,639
Equipment	19,219.13	3,000	1,000	1,000
Local Assistance	1,280,200.00	0	1,000,000	900,000
Grants	1,630,638.08	2,914,261	1,802,801	1,802,801
Total Program Costs	\$3,245,689.30	\$3,263,450	\$3,165,927	\$3,044,452
General Fund	215,190.08	215,200	215,200	215,200
State Special Revenue Fund	1,591,062.22	1,446,700	1,340,404	1,218,929
Federal & Other Spec Rev Fund	1,439,437.00	1,601,550	1,610,323	1,610,323
Total Funding Costs	\$3,245,689.30	\$3,263,450	\$3,165,927	\$3,044,452
Current Level Services	3,244,189.30	2,802,700	2,846,415	2,724,940
Modified Level Services	1,500.00	460,750	319,512	319,512
Total Service Costs	\$3,245,689.30	\$3,263,450	\$3,165,927	\$3,044,452

Program Description

Under the authority delegated from the Director and described in Title 53, Chapter 24, MCA, the Chemical Dependency Bureau of The Treatment Services Division is responsible to ensure that the appropriate resources of this State are focused fully and effectively upon the problems of chemical dependency and utilized in implementing programs for the control, prevention and treatment of these problems. The Bureau's specific duties include: Evaluating and approving chemical dependency treatment and education programs; Preparing long-term Comprehensive Chemical Dependency State Plans and Updates; Reviewing and approving County Chemical Dependency Plans; Distributing State and federal funds in accordance with 53-24-206 MCA; Establishing standards for the certification of chemical dependency counselors and educators; provide for the training of program personnel delivering services to chemical dependent persons; Establishing criteria for the development of new chemical dependency programs; Ensure the greatest utilization of funds by discouraging duplication of services and encouraging efficiency of services; and cooperating with the Board of Pardons in establishing and conducting programs to provide treatment for chemically dependent and intoxicated persons in or on parole from penal institutions.

Budget Issues

The current level of 9.00 FTE is recommended for FY90 and FY91 in the Alcohol and Drug Abuse Program. A 2% vacancy savings rate has been applied to this program.

The operational budget increases in for following reasons: 1) the development of oral examination questions for alcohol programs, 2) contracting for a coordinator for the Caring for Kids conference, 3) insurance and bonds, and 4) additional travel for the evaluation of a new program in northeastern Montana.

The equipment recommendation is for film replacement for alcohol treatment programs.

The majority of the state community approved programs are funded by the alcohol earmarked tax and federal block grant funds. The earmarked alcohol tax is tied directly to the volume of alcoholic beverages sold in the state and is distributed to the counties based on 85% county population and 15% county land area in comparison to the total state population and area. The general fund supports alcohol treatment programs with \$215,200 in each year of the biennium.

Table 1 shows this program's funding from FY86 to the FY91 recommended.

Table 1
ALCOHOL AND DRUG ABUSE PROGRAM

	1986	1987	1988	1989	1990	1991
Administration						
Earmarked Revenue Funds	\$310,530	\$295,031	\$310,882	\$326,700	\$340,404	\$318,929
Federal Funds	60,666	30,555	22,489	22,489	22,500	22,500
Total	371,196	325,586	333,371	349,189	362,904	341,429
Grants						
General Fund	215,200	208,612	215,190	215,200	215,200	215,200
Earmarked Revenue Fund	1,574,708	1,572,653	1,280,180	1,120,000	1,000,000	900,000
Federal Fund	1,024,515	978,948	1,416,948	1,579,061	1,587,823	1,587,823
Total	2,814,423	2,760,213	2,912,318	2,914,261	2,803,023	2,703,023
Program Total	\$3,185,619	\$3,085,799	\$3,245,689	\$3,263,450	\$3,165,927	\$3,044,452

Modification Request

Alcohol/Drug Treatment and Rehabilitation (ADTR)

The department is projecting significant reductions in revenues to the alcohol earmarked revenue fund from FY87 to

FY91. These funds are used to operate alcohol treatment programs throughout FY91. The department has requested a supplemental for \$150,000 from federal special revenue funds appropriated in FY89 to cover these shortfalls. A budget amendment in FY89 has been approved for use of a por-

tion of new federal funds during FY89. Authority is requested for the remainder of these funds. The modification recommendation is for \$319,512 of federal funds in FY90 and FY91.

CORRECTIONS Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	77.00	77.00	80.50	80.50
Personal Services	1,891,012.48	1,911,731	2,006,176	2,018,855
Operating Expenses	1,700,670.56	1,842,772	1,769,928	1,807,211
Equipment	89,143.05	19,270	113,122	13,020
Debt Service	2,573.56	1,541	896	524
Total Program Costs	\$3,683,399.65	\$3,775,314	\$3,890,122	\$3,839,610
General Fund	3,547,139.84	3,659,879	3,889,122	3,838,610
State Special Revenue Fund	583.95	1,000	1,000	1,000
Federal & Other Spec Rev Fund	135,675.86	114,435	0	0
Total Funding Costs	\$3,683,399.65	\$3,775,314	\$3,890,122	\$3,839,610
Current Level Services	3,547,723.79	3,677,175	3,610,758	3,620,633
Modified Level Services	135,675.86	98,139	279,364	218,977
Total Service Costs	\$3,683,399.65	\$3,775,314	\$3,890,122	\$3,839,610

Program Description

The Corrections Division exists to develop and administer an integrated corrections program for adults. Special emphasis is placed upon community supervision whenever possible and providing individualized treatment for each offender requiring institutionalization. For those incarcerated, adequate security must be maintained to protect the offender and prevent further transgressions against the public. The program staff provide leadership, direction and support for both line and staff operations. They assist in developing a continuum of correctional programs which place the individual in the least restrictive setting consistent with good judgment. Specific programs within the Corrections Division include the following:

Pre Release Centers - The Department operated facilities in Billings and Missoula which provide pre-release alternatives to prison for male and female offenders. These centers provide educational and work opportunities while also providing close supervision of the offenders. The Billings program houses up to 12 female offenders while the Missoula program can accommodate 24 male offenders.

The Corrections Division also contracts with non-profit corporations for pre-release services for male and female offenders. Centers are currently operational in Billings, Butte and Great Falls.

Women's Correctional Facilities - The Warm Springs facility provides for 40 female offenders.

Probation and Parole - The program staff supervise and counsel adult felons upon leaving prison and adults sentenced to probation.

Budget Issues

The Corrections Division was budgeted for 75.50 FTE in FY88 and FY89. This same current level of FTE is recommended for FY90 and FY91. The FY88 and FY89 FTE level reflects an additional 1.50 FTE to staff the Montana Criminal Justice and Corrections and Advisory Council which was federally funded with an approved budget amendment. The additional 5.00 FTE modification is for the expansion of the Intensive Supervision Project as recommended by this Advisory Council. A 2% vacancy savings rate is recommended for this program.

FY88 base level costs for contracted Pre-release Centers are recommended in the current level. Additionally, we recommend an incremental 2% yearly increase as shown in the modified level.

Rent accounts for a major portion of the operational cost increases. This is particularly true of the regional probation and parole offices where non D. of A. rent has increased.

The recommended equipment is for the purchase each year of a vehicle, high band radios, and breathalizers.

Tables 2 and 3 show statistical data and staffing for the Missoula Pre-Release Center which is state owned and operated.

Table 2
Missoula Pre-Release Center
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom.	FY91 Recom.
Average Daily Population (ADP)	8.52	21.22	20.58	19.52	22.76	23.88	23.36	22.76	23.36	23.36
Total Staff Authorized	5.93	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50	11.50
Variable Cost/Inmate/Day	\$4.13	\$3.76	\$3.40	\$3.81	\$3.92	\$3.74	\$4.10	\$4.44		
Fixed Cost/Inmate/Day	\$51.85	\$4.12	\$37.19	\$40.73	\$34.28	\$32.09	\$32.99	\$35.47		
Total Cost/Inmate/Day	\$55.98	\$37.88	\$40.59	\$44.54	\$38.20	\$35.83	\$37.09	\$39.91		
Average Length of Stay (months)	1.13	3.63	4.07	3.97	5.09	5.19	4.75	4.75	4.75	4.75

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, expenditures, reversions or cost savings achieved.

**** Inmate costs are not projected for FY90-91 because this center's budget is part of the total Corrections Div. budget.

Table 3
Missoula Pre-Release Center
Authorized FTE Levels

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	9.00	9.00	9.00	9.00	9.00	9.00
Education	0.00	0.00	0.00	0.00	0.00	0.00
Other	2.50	2.50	2.50	2.50	2.50	2.50
Total	11.50	11.50	11.50	11.50	11.50	11.50

Modification Request

Pre-release Center Adjustments - This recommended modification applies a 2% incremental increase on the contracted pre-release centers in Billings, Great Falls, and Butte. This increase is to cover additional costs in the upcoming biennium for these centers. The general fund cost is \$23,995 in FY90 and \$48,470 in FY91.

Intensive Supervision - This request is a recommendation made by the Criminal Justice Advisory Council. Intensive

Supervision Programs (ISP's) would be established in Billings, Great Falls, and Missoula. Each program would have the capacity to supervise 25 offenders. The ISP's would be modeled after the Billings intensive supervision pilot project. These programs involve supervision by officers and electronic monitoring. The intent is to relieve the prison from a serious overcrowding situation. There would be 5.00 FTE required each year and operational costs to run the programs. The general fund cost is \$255,369 in FY90 and \$170,507 in FY91.

**WOMEN'S CORRECTIONAL PROGRAM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	24.00	24.00	24.00	24.00
Personal Services	535,488.83	573,578	537,329	539,036
Operating Expenses	175,619.31	214,814	195,464	199,336
Equipment	25,657.67	1,460	6,373	2,190
Total Program Costs	\$736,765.81	\$789,852	\$739,166	\$740,562
General Fund	736,765.81	789,852	739,166	740,562
Total Funding Costs	\$736,765.81	\$789,852	\$739,166	\$740,562
Current Level Services	736,765.81	789,852	739,166	740,562
Total Service Costs	\$736,765.81	\$789,852	\$739,166	\$740,562

Program Description

The Women's Correctional Program contains various elements for housing and treating female offenders in the State of Montana. The major component of the program is the Women's Corrections Center located on the Montana State Hospital campus. This facility began operations in FY82, and can house forty female offenders. Its staff provide work, education, and recreational services to the inmates. Also included in this program are services at the Billings' Life Skills Center, and out-of-state and in-state placements.

The operational increase is primarily for additional costs in supplies and materials and inflation adjustments. There is a variable cost adjustment throughout the operational budget for an average daily population increase from 35.25 inmates to 40.00 inmates in FY90 and FY91.

The equipment request is for replacement items. These items include a microwave, refrigerator, television, duplicating machine, typewriter, washer, dishwasher, hand held radios, and mattresses. These items have not been replaced since the opening of the center in FY82.

Tables 4, 5, 6, and 7 show statistical data and staffing for the Women's Corrections Center and the Billings Life Skills Center.

Budget Issues

There is no change in the FTE level recommended for the Women's Correctional Program. A 2% vacancy savings rate is recommended.

Table 4
Women's Correctional Center
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom	FY91 Recom
Average Daily Population (ADP)	1.97	20.02	16.97	25.32	30.05	34.42	35.23	35.00	40.00	40.00
Total Staff Authorized	3.28	13.60	15.45	15.45	17.00	17.00	17.00	17.00	17.00	17.00
Variable Cost/Inmate/Day	\$24.13	\$12.33	\$7.87	\$7.03	\$6.58	\$5.36	\$5.12			
Fixed Cost/Inmate/Day	\$140.17	\$42.78	\$52.50	\$40.20	\$36.92	\$31.47	\$35.34			
Total Cost/Inmate/Day	\$164.30	\$55.11	\$60.37	\$47.23	\$43.50	\$36.83	\$40.46	\$45.41		
Average Length of Stay (months)	1.46	4.22	7.89	7.51	9.54	12.54	10.24	10.24	10.24	10.24

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, expenditures, reversions or cost savings achieved.

*** Inmate costs are not projected for FY90-91 because this center's budget is part of the total Corrections Div. budget.

DEPARTMENT OF INSTITUTIONS

Table 5
Women's Correctional Center
Authorized FTE Levels

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	12.40	12.40	12.40	12.40	12.40	12.40
Education	0.50	0.50	0.50	0.50	0.50	0.50
Other	4.10	4.10	4.10	4.10	4.10	4.10
Total	17.00	17.00	17.00	17.00	17.00	17.00

Table 6
Billings Life Skills Center
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom-	FY91 Recom-
Average Daily Population (ADP)	10.09	8.02	6.72	8.60	9.34	10.59	9.58	9.34	9.58	9.58
Total Staff Authorized	7.95	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00
Variable Cost/Inmate/Day	\$5.73	\$4.03	\$4.05	\$4.27	\$3.25	\$2.92	\$3.72	\$3.81		
Fixed Cost/Inmate/Day	\$43.85	\$61.21	\$65.25	\$57.83	\$52.24	\$46.15	\$56.20	\$57.41		
Total Cost/Inmate/Day	\$49.58	\$65.24	\$69.30	\$62.10	\$55.49	\$49.07	\$59.92	\$61.22		
Average Length of Stay (months)	8.28	5.30	6.20	6.25	6.57	5.72	5.09	5.09	5.09	5.09

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, expenditures, reversions or cost savings achieved.

*** Inmate costs are not projected for FY90-91 because this center's budget is part of the total Corrections Div. Budget.

Table 7
Billings Life Skills Center
Authorized FTE Levels

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	5.00	5.00	5.00	5.00	5.00	5.00
Education	0.00	0.00	0.00	0.00	0.00	0.00
Other	2.00	2.00	2.00	2.00	2.00	2.00
Total	7.00	7.00	7.00	7.00	7.00	7.00

CORRECTION'S MEDICAL BUDGET
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	765,055.48	930,657	780,327	803,574
Total Program Costs	\$765,055.48	\$930,657	\$780,327	\$803,574
General Fund	765,055.48	930,657	780,327	803,574
Total Funding Costs	\$765,055.48	\$930,657	\$780,327	\$803,574
Current Level Services	765,055.48	930,657	780,327	803,574
Total Service Costs	\$765,055.48	\$930,657	\$780,327	\$803,574

Program Description

The Correctional Medical Program reflects the centralization of medical, optometry, dental, lab and security costs previously budgeted in other correctional programs. Due to the constant movement of individuals through the corrections system, a flexible method to address health needs is required. This budget structure provides the flexibility needed to cover these costs for the Montana State Prison, the Swan River Forest Camp, the Women's Correction Program, and the five adult pre-release centers.

Budget Issues

The Corrections Medical Program is substantially impacted by the rising population in the correctional institutions. This recommendation includes variable cost adjustments for the additional population. The department estimates an increase of 83.09 FY90 and 119.59 in FY91 at the Montana State Prison, and 4.77 more inmates at the Women's Correction Center each year. Funding for a Dentist position has been transferred from the Corrections Medical Program to the Montana State Prison.

MENTAL HLTH/RESIDENTIAL SERV
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	5.80	5.95	6.62	6.00
Personal Services	179,663.39	214,480	230,155	213,568
Operating Expenses	69,609.88	196,597	186,069	118,686
Equipment	15,703.14	300	0	0
Grants	5,112,496.78	5,391,391	5,387,496	5,387,496
Total Program Costs	\$5,377,473.19	\$5,802,768	\$5,803,720	\$5,719,750
General Fund	4,104,599.19	4,108,940	4,113,598	4,114,324
Federal & Other Spec Rev Fund	1,272,874.00	1,693,828	1,690,122	1,605,426
Total Funding Costs	\$5,377,473.19	\$5,802,768	\$5,803,720	\$5,719,750
Current Level Services	5,354,404.19	5,358,746	5,363,403	5,364,129
Modified Level Services	23,069.00	444,022	440,317	355,621
Total Service Costs	\$5,377,473.19	\$5,802,768	\$5,803,720	\$5,719,750

Program Description

The staff of the Mental Health Bureau of the Treatment Services Division provides administrative leadership and coordination for a wide range of human service programs. These include the institutional and community programs for the

mentally ill, institutional programs for the developmentally disabled, residential nursing home programs for veterans and elderly persons with chronic mental disorders. It is the responsibility of the Mental Health Bureau to provide management, planning and evaluation in support of these programs.

In accordance with Section 53-21-203, MCA, the Department of Institutions assures that appropriate and accessible community based mental health services are provided through contracts between the Department of Institutions and the five private, non profit regional community mental health centers (CMHCs). The CMHCs provide inpatient, emergency, transitional, day treatment, outpatient, and prevention services to approximately 13,500 Montanans each year.

Budget Issues

The current level of 5.00 FTE is recommended in the Mental Health budget. A 2% vacancy savings has been applied.

The increase in general fund is for compensation and travel for six individuals to audit community mental health centers, and additional insurance costs.

Table 8 shows the Federal Block Grant revenues and expenditures from 1986 to the 1991 recommended budget.

Table 8
Mental Health Program Federal Block Grant

FISCAL YEAR	1986	1987	1988	1989	1990	1991
BALANCE CARRIED FORWARD	\$114,017	\$2,774	\$0	\$40,732	\$26,103	\$11,474
BLOCK GRANT AWARD	1,235,176	1,235,176	1,275,908	1,235,176	1,235,176	1,238,331
TOTAL FUNDS AVAILABLE	\$1,349,193	\$1,237,950	\$1,275,908	\$1,275,908	\$1,261,279	\$1,249,805
EXPENDITURES						
OPERATING EXPENSE	0	2,774				
NON-OPERATING EXPENSE	1,346,419	1,235,176	1,235,176	1,249,805	1,249,805	1,249,805
TOTAL EXPENDITURES	\$1,346,419	\$1,237,950	\$1,235,176	\$1,249,805	\$1,249,805	\$1,249,805
BALANCE	2,774	0	40,732	26,103	11,474	0

Modification Request

Homeless Block Grant - This budget modification allows the Department of Institutions to expend Mental Health Services for the Homeless (MHS) Block Grant funds allocate to Montana. These funds will be contracted to community mental health centers to provide outreach and case management services for adults with severe disabling mental illnesses who are homeless or in danger of becoming homeless. The federal fund cost is \$275,000 in FY90 and FY91.

Human Resource Development Program - This modification allows the Department of Institutions to continue into the 1991 biennium the Human Resource Development Program which was approved in FY88 by a budget amendment. The program is to assist the state in developing the capacity to identify and deal with work force issues that impact the organization and delivery of comprehensive mental health services. The services provided are designed to assist the department in the development of a state mental health human resource development plan and the human resource component of a minimum data set outlined by the National Institute of Mental Health. The federal fund cost is \$34,074 in FY90 which includes a 0.62 FTE.

Community Support Program - The Community Support Program is the federal initiative to develop community services to serve people with serious mental illness in local

communities and to provide appropriate care for people coming out of state institutions. These federal funds will be used to strengthen the consumer and family movements in the state. These groups are made up of people who have or have had serious mental illness and the parents and family members of these people. The majority of the grant funds are contracted to the Montana Alliance for the Mentally Ill which is an affiliate of the National Alliance for the Mentally Ill. The funds are used to recruit members, establish regular communications, build organizational expertise, conduct statewide meetings, and to provide an annual training conference. The federal fund cost is \$49,640 in FY90 and FY91.

Mental Health Planning Grant - This budget modification allows the Department of Institutions to expend new federal funds received under the State Comprehensive Mental Health Services Act of 1986, P.L. 99-660. These federal funds are to assist Montana in developing an ongoing comprehensive mental health planning process and the resulting state plan. The plan will provide for the establishment and implementation of an organized and comprehensive community based system of care for mentally ill individuals which will conduct needs assessments, set priorities, and develop and implement the final state plan. This request includes 1.00 FTE, operational costs and a total budget of \$81,603 in FY90 and \$80,621 in FY91.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	438.15	445.65	447.15	447.15
Personal Services	10,118,106.78	10,196,273	10,444,899	10,458,247
Operating Expenses	1,652,425.85	1,731,651	1,806,677	1,853,117
Equipment	72,287.95	10,037	25,000	25,000
Total Agency Costs	\$11,842,820.58	\$11,937,961	\$12,276,576	\$12,336,364
General Fund	11,804,933.38	11,879,951	12,204,240	12,264,979
State Special Revenue Fund	13,375.49	13,626	49,000	49,000
Federal & Other Spec Rev Fund	24,511.71	44,384	23,336	22,385
Total Funding Costs	\$11,842,820.58	\$11,937,961	\$12,276,576	\$12,336,364
Current Level Services	11,842,820.58	11,937,961	11,859,689	11,919,311
Modified Level Services	0.00	0	416,887	417,053
Total Service Costs	\$11,842,820.58	\$11,937,961	\$12,276,576	\$12,336,364

Agency Description

The purpose of the Montana Developmental Center is to provide treatment and habilitation suited to the needs of the profoundly mentally retarded individual, and to assure that such treatment and habilitation is skillfully and humanely administered with full respect for the person's dignity and personal integrity, and in the least restrictive and most appropriate environment. Admission procedures and basic guidelines for care, treatment, and training of the residents are found in Title 53, Chapter 20, MCA.

Budget Issues

The Montana Developmental Center (MDC) was budgeted for 430.65 FTE in FY88 and FY89. During FY88 and FY89 inspections were made by the Health Care Finance Administration (HCFA) and state inspectors and found this institution deficient in its treatment program. In order to meet these additional requirements, it was necessary to hire an additional 15.00 FTE in direct care staff. These positions were filled in mid year of FY88 and for all of FY89. Thus, FY88 actual FTE was 438.15 and the FY89 FTE is 445.65. After considerable effort, the department managed to absorb the cost of the additional staff in FY88 and they are striving to resolve the problem in FY89.

The MDC participates in the HPI pharmaceutical contract which is being utilized throughout the department. Because of this contract, 1.00 FTE Pharmacist and 1.00 FTE Pharmacist Technician positions were deleted. The FY90 and FY91 current level FTE recommended is 428.65. The modified level position request is for the additional 15.00 FTE to meet HCFA standards, an aggregate 2.50 FTE to meet training requirements, plus 1.00 FTE each year for an

aggregate resident work program which is also required to meet these standards.

A 2% vacancy savings rate is recommended for this agency's personal services.

The operational budget includes a decrease in contracted services because of the deletion of a Physical Therapist contract which costs \$43,300 each year. This contract was deleted because the agency has four difficult to recruit professional positions which have been vacant over two years. These positions are a Physical Therapist, an Occupational Therapist, a Speech Pathologist, and a Recreational Therapist. The Physical Therapist contract can be funded from these vacancies as the agency continues to recruit. These four positions are essential to meeting HCFA requirements.

The supplies and materials has a substantial increase for inflation adjustments. There is an increase in the cost of drugs for the HPI contract. The other major increase in supply costs is for food because of a considerable decrease in USDA commodity support.

The increased utility cost reflects an inflationary adjustment to the base year.

Equipment is recommended at \$25,000 each year for discretionary purchases.

The Governor recommends the proposal by the Advisory Council on the Delivery of Human Services to transfer the Montana Developmental Center to the Department of Family Services.

The following tables show statistical data for this institution. Table 1 reflects the cost per resident and the average daily population experienced and projected. Table 2 reflects the type of staffing by the categories of direct care, education and other.

Table 1
MONTANA DEVELOPMENTAL CENTER
Statistical Data

FACTOR	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth	FY90 Recom	FY91 Recom
Averaged Daily Popu- lation (ADP)	218.46	223.36	202.10	202.90	201.87	202.51	194.76	202.00	194.76	194.76
Total Staff Authorized	486.40	485.40	441.40	441.40	440.40	440.15	430.65	430.65	447.15	447.15
Variable Cost/ Resident/Day	\$6.58	\$8.25	\$8.12	\$7.44	\$8.53	\$8.54	\$10.47	\$10.18	\$10.84	\$10.89
Fixed Cost/ Resident/Day	\$122.32	\$126.66	\$132.97	\$136.20	\$137.47	\$143.97	\$155.48	\$151.36	\$161.23	\$162.02
Total Cost/ Resident/Day	\$128.90	\$134.91	\$141.09	\$143.64	\$146.00	\$152.51	\$165.95	\$161.54	\$172.07	\$172.91

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

*** fixed and variable costs for FY89 through FY91 are based upon estimates rather than actual expenditures.

Table 2
MONTANA DEVELOPMENTAL CENTER
Statistical Data

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	206.00	190.00	195.00	195.00	217.50	217.50
Education	15.60	17.35	15.35	15.35	5.00	5.00
Other	218.80	232.80	220.30	220.30	224.65	224.65
Total	440.40	440.15	430.65	430.65	447.15	447.15

* The FTE levels in FY86 are authorized. The actual level of FTE in FY86 reflect additional positions necessary to meet Health Care Finance Administration requirements.

Modification Request

Health Care Finance Administration Requirements - State and Federal inspectors had identified deficiencies in the treatment program and other areas of service at the MDC. This institution receives over \$9.25 million in medicaid/medicare reimbursement of which 69.4% is matched by the federal government. Decertification would result in a loss of over \$6.4 million in general fund. In order to meet these standards the department has found it necessary to hire an additional 15.00 FTE for their direct care

staff. Additionally, 2.50 FTE in an aggregate position are recommended to meet HCFA staff training requirements. The general fund cost for these 17.50 FTE is \$337,877 in FY90 and \$338,144 in FY91.

Resident Work (HCFA) - In order to meet HCFA standards a resident work program is recommended. This is an aggregate 1.00 FTE in personal services which will allow residents to be compensated for work performed. The general fund cost is \$79,010 in FY90 and \$78,909 in FY91.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	97.99	98.84	100.54	98.14
Personal Services	2,126,339.22	2,135,207	2,140,409	2,117,286
Operating Expenses	496,020.13	524,056	577,141	643,323
Equipment	433.00	24,567	25,136	0
Total Agency Costs	\$2,622,792.35	\$2,683,830	\$2,742,686	\$2,760,609
General Fund	2,616,110.40	2,674,095	2,725,651	2,745,474
State Special Revenue Fund	6,681.95	9,735	17,035	15,135
Total Funding Costs	\$2,622,792.35	\$2,683,830	\$2,742,686	\$2,760,609
Current Level Services	2,622,792.35	2,683,830	2,676,315	2,679,579
Modified Level Services	0.00	0	66,371	81,030
Total Service Costs	\$2,622,792.35	\$2,683,830	\$2,742,686	\$2,760,609

Agency Description

The staff of the Center for the Aged offers long-term care for persons fifty-five years of age or older who have chronic mental disorders related to the aging process, and who require a level of care not otherwise available in the community but are not so severe or acute as to require an active treatment program such as those available at the Montana State Hospital. The staff provides nursing care and recreational activities with full respect for the dignity and integrity of the residents. The admission procedures and basic guidelines for care of the residents are found in 53-21-411 through 53-21-413 MCA.

Budget Issues

The Center for the Aged was budgeted for 97.84 FTE in FY88 and FY89. The Health Care Finance Administration (HCFA) surveyed this institution in March 1988 and found them to be out of compliance because they did not have a Social Worker to implement individual plans. The Social Worker was recruited for and hired late in FY88 which accounts for the additional .15 FTE in the base year. The FTE level of 98.84 in FY89 includes the Social Workers for a full year.

The additional Social Worker position required by HCFA is presented in the modified level rather than current level for FY90 and FY91. In FY90 the OBRA modification adds 2.40 FTE. The current level personal services is reduced by a 0.70 FTE Pharmacist position which is deleted because of pharmaceutical services are now provided by contract with a private carrier. The current level recommended FTE is 97.14 in FY90 and FY91. The FY88 actual hourly wages should have been coded in salaries. Vacancy Savings is recommended at 2%.

The general fund increase is primarily attributed to the recommended modifications. Also, there are increases in the operational budget for the pharmaceutical contract, drugs, the loss of USDA food support, requirements to serve additional dairy products, and adjustments for inflation.

The equipment request includes a recommendation of \$11,400 for a new telephone system. The charges for the current system have been reduced by \$2,252 because of the proposed installation of a new system. A passenger van for \$13,736 is recommended in FY90.

Tables I and II show the statistical data and staffing pattern for the Center for the Aged.

Table I
CENTER FOR THE AGED
Statistical Data

FACTOR	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom	FY91 Recom
Averaged Daily Population (ADP)	186.40	181.50	176.50	174.60	170.56	166.76	168.66	171.00	168.66	168.66
Total Staff Authorized	104.93	104.93	102.93	102.93	100.24	100.24	97.84	97.84	97.84	97.84
Variable Cost/Resident/Day	\$3.10	\$3.18	\$3.87	\$3.95	\$4.34	\$3.77	\$4.00	\$4.01	\$4.17	\$4.20
Fixed Cost/Resident/Day	\$27.60	\$32.36	\$33.62	\$36.03	\$35.84	\$39.22	\$38.46	\$38.60	\$40.13	\$40.38
Total Cost/Resident/Day	\$30.70	\$35.54	\$37.49	\$39.98	\$40.18	\$42.99	\$42.46	\$42.61	\$44.30	\$44.58

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

*** The fixed and variable costs for FY89-91 are based upon estimates rather than actual expenditures.

Table II
CENTER FOR THE AGED
Statistical Data

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	50.00	50.00	50.00	50.00	52.40	50.00
Education	0.00	0.00	0.00	0.00	0.00	0.00
Other	50.24	50.24	47.99	48.84	48.14	48.14
Total	100.24	100.24	97.99	98.84	100.54	98.14

* The FTE levels in FY86 are authorized. The actual level of FTE in FY86 reflect additional positions necessary to meet Health Care Finance Administration requirements.

Modification Request

HCFA Standards - A Social Worker position is required to meet federal standards. This position is necessary to develop and implement individual plans, provide social assessments, and to properly document resident progress. There is 1.00 FTE requested in both FY90 and FY91. The general fund cost of this position is \$25,049 in FY90 and \$25,150 in FY91.

OBRA Requirements - In 1987 congress passed the Omnibus Budget Reconciliation Act (OBRA) which required

stricter standards for nursing and mental health institutions. This recommendation includes a 2.40 FTE aggregate position to provide funding for staff coverage while Nurse Aides receive training in FY90. Supplies and materials are also recommended for this training. In FY91, consulting and professional services are recommended for psychiatric and medical review, patient assessment, quality assurance, and infectious control requirements. The general fund cost is \$41,322 in FY90 and \$55,880 in FY91.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	92.02	92.02	93.02	93.02
Personal Services	1,826,274.49	1,928,064	1,951,544	1,957,304
Operating Expenses	313,507.31	324,082	312,466	315,173
Equipment	12,356.05	10,000	20,766	760
Total Agency Costs	\$2,152,137.85	\$2,262,146	\$2,284,776	\$2,273,237
General Fund	2,150,715.42	2,258,146	2,284,076	2,272,537
State Special Revenue Fund	1,422.43	4,000	700	700
Total Funding Costs	\$2,152,137.85	\$2,262,146	\$2,284,776	\$2,273,237
Current Level Services	2,152,137.85	2,262,146	2,257,239	2,245,691
Modified Level Services	0.00	0	27,537	27,546
Total Service Costs	\$2,152,137.85	\$2,262,146	\$2,284,776	\$2,273,237

Agency Description

The Eastmont Human Services Center provides a seven-day intermediate nursing care and training program for mentally retarded persons. The staff at the center offers instruction in academics, home living, recreation and physical education, speech, pre-vocational skills, self-help, and socialization. The center's goal is to maintain and improve these residents' skills to enable them to function in the community. To achieve this objective, the staff at Eastmont emphasizes cooperation with community groups and agencies and the education of the public regarding developmental disabilities and mental retardation. This facility is provided for in 53-20-502, MCA.

Budget Issues

The Eastmont Human Services Center located in Glendive has had difficulty recruiting professional positions which are necessary to meet Health Care Financing Administration (HCFA) standards. Agency managers have been recruiting for a Psychologist and a Speech Pathologist position for over two years. They have managed to contract temporarily for these services at a minimal level. However, pressure remains high from HCFA to obtain full time professional services in these occupations.

This budget has allowed these professional positions to remain in personal services. The agency will be able to pay for contracts as necessary from these vacant positions until they are successful in their recruiting efforts. Contracted services for FY90-91 was reduced accordingly.

The agency has found it necessary to renegotiate its laundry contract. The new contract increases by \$7,728 over the current level and provides services for 170,000 pounds of laundry at \$.33 per pound.

Inflation adjustments accounts for an increase of \$3,845 in FY90 and \$5,870 in FY91 in the operational budget.

The recommended equipment is for such items as a replacement vehicle, a medication cart system, physical therapy equipment, mattresses, and necessary food service replacement items.

There is a 2% vacancy savings rate applied to the personal services portion of this budget.

The Governor recommends the proposal by the Advisory Council on the delivery of Human Services to transfer the Eastmont Human Services Center to the Department of Family Services.

Table 1 reflects the cost per resident and the average daily population experienced and projected. Table 2 shows the type of staffing by the categories of direct care and other.

Table 1
EASTMONT HUMAN SERVICES CENTER
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom.	FY91 Recom.
Average Daily Population (ADP)	53.50	51.50	53.80	53.00	53.00	53.33	54.54	53.00	54.24	54.24
Total Staff Authorized	92.50	92.50	94.02	94.02	93.02	93.02	92.02	92.02	93.02	93.02
Variable Cost/Resident/Day	\$4.14	\$5.14	\$6.12	\$7.68	\$7.72	\$8.00	\$7.40	\$7.92	\$7.73	\$7.69
Fixed Cost/Resident/Day	\$79.15	\$93.52	\$93.27	\$98.01	\$100.04	\$99.59	\$100.94	\$108.50	\$105.88	\$105.22
Total Cost/Resident/Day	\$83.29	\$98.66	\$99.48	\$105.69	\$107.76	\$107.59	\$108.34	\$116.42	\$113.61	\$112.91

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADF fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

*** The fixed and variable costs for FY89 through FY91 are based upon estimates rather than actual expenditures.

Table 2
EASTMONT HUMAN SERVICES CENTER
FTE Levels

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	47.57	47.57	47.57	47.57	46.57	46.57
Education	0.00	0.00	0.00	0.00	0.00	0.00
Other	45.45	45.45	44.45	44.45	46.45	46.45
Total	93.02	93.02	92.02	92.02	93.02	93.02

* The requested level of FTE in FY90 and FY91 reflects the modified position necessary to meet Health Care Finance Administration requirements.

Modification Request

HCFA Requirements - The most recent HCFA survey cited Eastmont for not having a Qualified Mental Retardation

Professional on staff to direct individual treatment plans for the residents. This modified request is for 1.00 FTE each year at a general fund cost of \$27,537 in FY90 and \$27,745 in FY91.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	408.48	411.46	421.16	421.16
Personal Services	10,165,685.41	10,838,179	10,659,661	10,701,664
Operating Expenses	5,365,368.68	5,564,391	6,200,060	6,719,243
Equipment	220,959.02	298,892	290,932	301,676
Capital Outlay	66,200.62	0	16,500	16,500
Total Agency Costs	\$15,818,213.73	\$16,701,462	\$17,167,153	\$17,739,083
General Fund	12,458,662.65	13,042,282	13,022,787	13,178,168
State Special Revenue Fund	1,121,689.11	1,215,925	1,402,047	1,656,166
Federal & Other Spec Rev Fund	224,994.17	242,037	127,713	127,760
Proprietary Fund	2,012,867.80	2,201,218	2,614,606	2,776,989
Total Funding Costs	\$15,818,213.73	\$16,701,462	\$17,167,153	\$17,739,083
Current Level Services	15,750,408.28	16,588,527	16,824,094	17,406,204
Modified Level Services	67,805.45	112,935	343,059	332,879
Total Service Costs	\$15,818,213.73	\$16,701,462	\$17,167,153	\$17,739,083

Agency Description

The mission of the Montana State Prison is to provide facilities for the custody, treatment, training and rehabilitation of adult criminal offenders. The Prison staff provides treatment programs to aid rehabilitation including: a program of vocational education, on-the-job training, work experience, sports and hobby programs, music programs, self-help groups and alcohol and drug abuse programs. The Prison

Ranch and Dairy provides produce and dairy products to state institutions and other state agencies. The Prison also operates a plant that produces Montana's license plates. In addition, the Prison Industries Program staff provides vocational training for inmates. An expanded industries training program provides additional training opportunities for inmates. The location and function of the prison is provided for in 53-30-101 MCA.

CARE & CUSTODY Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	384.73	387.71	397.41	397.41
Personal Services	9,394,812.69	9,943,290	9,796,684	9,825,305
Operating Expenses	3,061,443.72	3,167,650	3,150,621	3,284,330
Equipment	80,733.16	26,592	60,588	50,000
Total Program Costs	\$12,536,989.57	\$13,137,532	\$13,007,893	\$13,159,635
General Fund	12,318,850.59	12,878,401	12,855,163	13,006,864
State Special Revenue Fund	46,309.81	51,424	52,008	51,994
Federal & Other Spec Rev Fund	171,829.17	207,707	100,722	100,777
Total Funding Costs	\$12,536,989.57	\$13,137,532	\$13,007,893	\$13,159,635
Current Level Services	12,485,858.12	13,024,597	12,664,834	12,826,756
Modified Level Services	51,131.45	112,935	343,059	332,879
Total Service Costs	\$12,536,989.57	\$13,137,532	\$13,007,893	\$13,159,635

Program Description

The Care and Custody Program staff use the personnel, procedures, and material available to provide maximum control, retainment, and protection of prisoners. The prison's administrative, treatment and educational services are budgeted in this program.

Budget Issues

The Montana State Prison was budgeted for 382.31 FTE in FY90 and FY91 in the Care and Custody Program. The FY88 actual increases by 2.42 FTE as a result of the following actions: 1) 1.75 FTE were utilized from a Bureau of Justice Administration (BJA) grant for alcohol treatment, 2) a 0.17 FTE was utilized for a Dentist. Funds for this position were a result of a transfer from the Corrections Medical budget, 3) a 0.50 FTE was approved from a Title I educa-

tion grant. The increase in FY89 reflects a full year's staffing of the BJA grant and the Dentist. The FY90-91 current level recommendation reflects the deletion of a 0.50 Pharmacist position because of the HPI contract.

The modified level recommendation increases by 14.60 FTE in both FY90 and FY91 reflected in three modifications. First, 9.60 FTE are necessary for an additional housing unit because the estimated population increases to 1040.50 inmates in FY90 and 1077 inmates in FY91. Second, 1.00 FTE each fiscal year is recommended for a food service supervisor. Third, an expansion of the sex offender treatment program would include 4.00 FTE each fiscal year. The total recommended FTE is 397.41 in FY90 and FY91 in the Care and Custody Program.

A 2% vacancy savings is recommended each fiscal year in this program.

The operational budget increases by 2.8% in FY90 and 7.2% in FY91. These operational increases above FY88 actual are

in the following areas: 1) variable cost adjustments for the additional inmate population projected for FY90 and FY91, 2) inflation adjustments for supplies and materials and utilities.

In FY88-89, the Care and Custody Program was budgeted for \$25,000 each fiscal year for equipment. We recommend \$50,000 each year for discretionary purchases of equipment.

Overall, the general fund increases by 4.4% in FY90 and 5.7% in FY91. This increase is primarily due to the modified requests and the operational adjustments identified.

The State Special Revenue funds two alcohol counselor positions. The Federal and Other Special Revenue is derived from federal boarder funds, Title I and II education grants.

Table 1 shows the average daily population and the cost per inmate at the Montana State Prison. Table 2 shows the staffing by the categories of direct care, education, and other staff.

Table 1
Montana State Prison
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom	FY91 Recom
Average Daily Population (ADP)	698.28	744.92	739.86	802.31	907.18	925.49	957.41	990.00	1,040.50	1,077.00
Total Staff Authorized	279.00	326.57	332.45	332.45	365.28	404.53	406.06	406.06	421.16	421.16
Variable Cost/Inmate/Day	\$5.97	\$6.52	\$4.87	\$4.79	\$4.66	\$4.48	\$4.37	\$4.37	\$4.18	\$4.08
Fixed Cost/Inmate/Day	\$23.66	\$28.29	\$29.29	\$29.05	\$27.29	\$32.27	\$31.40	\$31.46	\$30.03	\$29.37
Total Cost/Inmate/Day	\$29.63	\$34.81	\$34.16	\$33.84	\$31.95	\$36.75	\$35.77	\$35.83	\$34.21	\$33.45
Average Length of Stay (months)	23.50	26.00	27.30	29.00	29.00	30.00	34.60			

* The ADP level for FY89 is based upon the authorized level. The ADP for FY90-91 is projected. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY89-FY91 is based upon authorized and recommended levels of ADP and staff. These costs could decrease depending upon actual ADP experienced, expenditures, reversions or cost savings achieved.

*** The fixed and variable costs for FY89 through FY91 is based upon estimates rather than actual expenditures.

**** The average length of stay cannot be determined until the end of each fiscal year.

***** Total staff authorized reflects staffing for all prison programs. The fixed and variable cost projections are for the Care and Custody Program.

Table 2
Montana State Prison - Care and Custody
Staffing Levels

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	226.08	256.98	263.38	263.38	272.98	272.98
Education	14.50	15.00	15.00	15.00	15.00	15.00
Other	99.95	107.80	103.93	103.93	109.43	109.43
Total	340.53	379.78	382.31	382.31	397.41	397.41

Modification Request

Prison Expansion - The inmate population at the prison continues to rise. In FY88 the prison was budgeted for 968 inmates in FY88 and 990 inmates in FY89. Departmental officials predict an inmate population of 1040.50 in FY90 and 1077 in FY91. To accommodate this increase, the

department will need to either renovate an existing building or construct a new 96 bed unit.

In either case, 9.60 FTE each year will be necessary for staffing. The general fund cost is \$207,250 in FY90 and \$207,692 in FY91.

Food Service Supervisor - The prison has had a steady increase in inmate population and an expanded prison has been constructed. The food service supervisors are seriously under staffed. This causes a volatile situation that requires an element of supervision which is not presently realized. An additional 1.00 FTE supervisor is recommended for each year at a general fund cost of \$22,645 in FY90 and \$22,639 in FY91.

Sex Offender Treatment - The Governor's Criminal Justice and Corrections Advisory Council has recommended

expanding the sex treatment program at the prison. This would permit treatment of more sex offenders before they are released. Applications to the program would increase by at least one third allowing for treatment of 46% of the current sex offender population. It would further reduce the time necessary to complete the program by six months. This modification is for an additional 2.00 FTE for Psychologists, 1.00 FTE for a Social Worker, and 1.00 FTE for clerical support. Operational costs and equipment is also requested. The general fund cost for this modification is \$113,164 in FY90 and \$102,548 in FY91.

RANCH & DAIRY Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	12.75	12.75	12.75	12.75
Personal Services	393,484.13	444,742	424,773	425,544
Operating Expenses	579,941.40	606,094	796,688	802,878
Equipment	119,230.64	226,900	212,200	224,200
Capital Outlay	57,965.68	0	16,500	16,500
Total Program Costs	\$1,150,621.85	\$1,277,736	\$1,450,161	\$1,469,122
Proprietary Fund	1,150,621.85	1,277,736	1,450,161	1,469,122
Total Funding Costs	\$1,150,621.85	\$1,277,736	\$1,450,161	\$1,469,122
Current Level Services	1,150,621.85	1,277,736	1,450,161	1,469,122
Total Service Costs	\$1,150,621.85	\$1,277,736	\$1,450,161	\$1,469,122

Program Description

The Ranch and Dairy Program is a self-sustaining program that provides milk, and other products to the prison and other institutions. The program also provides work experience for the inmates.

Budget Issues

There are no changes in the FTE level recommended for the Ranch and Dairy Program. A 2% vacancy savings is recommended.

This program operates on a proprietary account which means they must generate funds from the sale of their production before they can make purchases. Therefore, the recommended increases in operations and equipment will not be realized unless the program managers successfully generate funds.

The operational request increases over FY88 actual expenditures by 37.3% in FY90 and 38.4% in FY91. Contracted services increases for professional services such as veterinary work, legal fees for water rights, and custom equipment operation. The supplies and materials greatly increases for the purchase of hay, grain, feed supplements, fertilizer and fuel. The utilities for electricity and natural gas are increased for inflation.

The recommendation for equipment expenditures are above the FY88 actual of \$119,231 by \$92,970 in FY90 and \$104,970 in FY91. This is a 78% increase in FY90 and a 88% increase in FY91. The recommended equipment is for agricultural and landscaping, autos and trucks, and cattle and horses.

The capital outlay is for the replacement of storage buildings.

**LICENSE PLATE FACTORY
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	59,679.66	73,439	65,658	65,644
Operating Expenses	389,118.95	422,678	352,512	379,278
Total Program Costs	\$448,798.61	\$496,117	\$418,170	\$444,922
State Special Revenue Fund	448,798.61	496,117	418,170	444,922
Total Funding Costs	\$448,798.61	\$496,117	\$418,170	\$444,922
Current Level Services	448,798.61	496,117	418,170	444,922
Total Service Costs	\$448,798.61	\$496,117	\$418,170	\$444,922

Program Description

The License Plate Factory Program is responsible for manufacturing all license plates for the State of Montana. The program provides work experience for inmates at the prison. Funding for this program comes from the Department of Justice with the on site technical administration and assistance provided by the industries program.

Budget Issues

As was budgeted in FY88-89, the License Plate Factory Program maintains 2.00 FTE in FY90 and FY91. There is a 2% vacancy savings applied.

Funds for this program are generated from motor vehicle revenues. Consequently, budgeting for this program has an impact on the general fund in the Department of Justice.

A major cost in the production of license plates is aluminum. The agency requested budgeting at \$1.79/lb. for this material. Although these costs fluctuate, we recommend the current value of \$1.00/lb. This accounts for the substantial reduction in the cost of supplies and materials in this program.

The repair and maintenance recommendation is higher than current level because the license plate factory has extremely old equipment. The increase is to cover any unforeseen breakdowns and the cost of repairs, keeping in mind that parts can be very difficult to find.

**PRISON INDUSTRIES REVOLVING
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	5.25	5.25	5.25	5.25
Personal Services	182,218.43	210,260	214,427	227,081
Operating Expenses	485,102.00	446,243	688,525	813,273
Equipment	6,567.11	45,400	15,000	15,000
Total Program Costs	\$673,887.54	\$701,903	\$917,952	\$1,055,354
Proprietary Fund	673,887.54	701,903	917,952	1,055,354
Total Funding Costs	\$673,887.54	\$701,903	\$917,952	\$1,055,354
Current Level Services	673,887.54	701,903	917,952	1,055,354
Total Service Costs	\$673,887.54	\$701,903	\$917,952	\$1,055,354

Program Description

The Prison Industries Program currently provides training and work experience in the following areas: furniture construction and repair, upholstery, drafting, printing and post-pole manufacturing and logging. Products from the program are currently sold to other governmental entities, non-profit corporations and in selected cases to the private sector through licensed wholesalers and retailers.

Budget Issues

The current level of 5.25 FTE is recommended for FY90 and FY91 in the Prison Industries Revolving Program. A 2% vacancy savings rate is recommended.

This program is funded with proprietary revenues. There has been a substantial increase in activity in this program which is reflected throughout this budget. The concept of the Industries Program is to provide work opportunities for inmates and to produce merchandise which can be marketed to sustain the program. There has been an increase in marketing work in this program. Consequently, more orders for the products are being made by state agencies, other gov-

ernmental jurisdictions, school districts, hospitals and other customers. The marketing program has developed a network of retail outlets which has increased production demands.

These additional activities account for much of the operational increases, particularly in supplies and materials and goods purchased for resale. The increase in building material and supplies is to cover costs of interior and wiring work in the rebuilt industries building.

Equipment expenditures were \$6,567 in FY88. We recommend \$15,000 each year for equipment purchases to be made at management's discretion.

This entire program is funded with a proprietary account. The additional operating and equipment expenditures can

only be made if this program is successful in generating the necessary revenue.

Modification Request

During the Executive Planning Process, numerous proposals were made to increase staffing in the Industries Program as funds were generated. The positions requested for each year were as follows: 1) Industries Marketing Representative, 1.00 FTE; 2) Prison Industries Shop Supervisors, 2.00 FTE; and 3) a Prison Industries Procurement Coordinator. All of these positions are to be funded from the proprietary account. We recommend language in the appropriations bill which would enable the Prison Industries Program to submit budget amendments for these positions as funds become available.

PRISON CANTEEN Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	624,036.31	668,384	931,869	1,159,250
Equipment	2,544.38	0	0	0
Total Program Costs	\$626,580.69	\$668,384	\$931,869	\$1,159,250
State Special Revenue Fund	626,580.69	668,384	931,869	1,159,250
Total Funding Costs	\$626,580.69	\$668,384	\$931,869	\$1,159,250
Current Level Services	626,580.69	668,384	931,869	1,159,250
Total Service Costs	\$626,580.69	\$668,384	\$931,869	\$1,159,250

Program Description

The Prison Canteen Program provides small store services and merchandise for inmates at the Montana State Prison.

Budget Issues

The Prison Canteen provides a "convenience store" operation allowing the inmates the opportunity to purchase items that are not provided by the prison. The revenue generated from the sale of these items supports the operating costs of the Canteen Program. Canteen revenue has grown substantially in the last four years. In 1984 revenues were \$296,575,

in 1985 they were \$340,890, in 1986 \$428,015, in 1987 they were \$484,040, and they increased to \$602,173 in FY88 which was a 24.4% increase over the previous year. In FY89 the prison anticipates another 24.4% increase to \$749,102. This same growth rate is expected for FY90 and FY91 as the prison population grows and demand increases for these goods.

The canteen is funded with a revolving State Special Revenue Account. Adequate authority is necessary to avoid a budget amendment situation because these funds would not be authorized under a budget amendment request.

PRISON INDUSTRIES TRAINING
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	3.75	3.75	3.75	3.75
Personal Services	135,490.50	166,448	158,119	158,090
Operating Expenses	225,726.30	253,342	279,845	280,234
Equipment	11,883.73	0	3,144	12,476
Capital Outlay	8,234.94	0	0	0
Total Program Costs	\$381,335.47	\$419,790	\$441,108	\$450,800
General Fund	139,812.06	163,881	167,624	171,304
Federal & Other Spec Rev Fund	53,165.00	34,330	26,991	26,983
Proprietary Fund	188,358.41	221,579	246,493	252,513
Total Funding Costs	\$381,335.47	\$419,790	\$441,108	\$450,800
Current Level Services	364,661.47	419,790	441,108	450,800
Modified Level Services	16,674.00	0	0	0
Total Service Costs	\$381,335.47	\$419,790	\$441,108	\$450,800

Program Description

The Prison Industries Training Program was established by an act passed during the second special session of the 1981 Legislature. This program provides vocational on-the-job training and work experience for prison inmates. The program is limited to providing services and producing equipment only for state agencies, local governments, school districts and governmental entities. The objectives and functions of this program are provided for in 53-30-131 through 53-30-133 MCA.

Budget Issues

The 1983 legislature approved the Industries Training Program which was recommended during the second special session of the 1981 legislature. During FY84 the initial phases of the program began. During FY85 and FY86 the program implemented all phases. By the end of FY86 the new vocational training building was completed and equipment was moved into the new building and work began. During FY86 through FY89, the vocational training program has attempted to expand the training and work opportunities for inmates.

The current level of 3.75 FTE is recommended for FY90 and FY91. A 2% vacancy savings is recommended.

The FY90-91 contracted services declines because in FY89 the agency wishes to place a 0.75 FTE Horticulturist posi-

tion in personal services and request the remaining 0.25 FTE with modification language for FY90 and FY91. The supplies and materials increase for agricultural supplies and fertilizer for the large garden, welding and laboratory items, tools, fuel, training manuals and educational aids.

There is a substantial increase in goods purchased for resale for vocational training projects. These supplies are purchased in the proprietary account and reimbursed as services are provided.

The equipment recommendation is for shop plant and industrial items necessary for the operations of the program.

This program's funding is made up of general fund support and revolving fund with federal grant funding. This program was not intended to be a self-supporting operation because of emphasis on training as stated in MCA 53-30-133. The level of general fund support is recommended at the proportional level as the 1987 and 1989 bienniums. The general fund supports personal services, general operating costs, and supplies and materials for training.

Modification Request

During EPP the Industries Training Program requested proprietary fund support each year for a 0.25 FTE Horticulturist and a 1.00 FTE Vehicle Maintenance Shop Supervisor. We recommend language in the appropriations bill which would enable this program to submit budget amendments for these positions as funds become available.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	25.83	25.83	25.83	25.83
Personal Services	640,425.21	668,438	645,957	647,559
Operating Expenses	277,436.30	297,015	310,855	318,276
Equipment	6,075.36	8,000	13,474	0
Total Agency Costs	\$923,936.87	\$973,453	\$970,286	\$965,835
General Fund	803,951.38	858,938	855,686	849,221
State Special Revenue Fund	78,264.07	86,617	85,002	87,016
Federal & Other Spec Rev Fund	41,721.42	27,898	29,598	29,598
Total Funding Costs	\$923,936.87	\$973,453	\$970,286	\$965,835
Current Level Services	923,936.87	973,453	970,286	965,835
Total Service Costs	\$923,936.87	\$973,453	\$970,286	\$965,835

Agency Description

The Swan River Forest Camp is responsible for developing and maintaining a rehabilitation-oriented program for youthful offenders (ages 18 through 25) transferred from the Montana State Prison. The staff works cooperatively with the Division of Forestry, Department of State Lands. The program for these offenders includes fair and humane treatment in a minimally restrictive setting. The staff provides educational opportunities, psychological services, work programs, training in living skills, and realistic planning for each youth's return to the community. This facility is provided for in Section 53-30-205,206,212, MCA.

Budget Issues

The Swan River Forest Camp is recommended to maintain the same 25.83 FTE level in FY90-91 as was budgeted in FY88-89. A 2% vacancy savings is recommended in this agency's budget.

The operational costs increase by 12% in FY90 and 14.7% in FY91. A significant increase in liability insurance is the major cause of these additional costs. Operational costs also increase because of inflation adjustments for supplies and utilities. These operational increases account for the rise in general fund.

The State Special Revenue consists of alcohol funds for a counselor position and canteen funds. The rise in these revenues is for additional canteen authority.

The Federal and Other Special Revenue is for school food and federal boarder reimbursement. The decline is in federal boarder revenue.

The equipment recommendation is for the vocational automotive shop and for office equipment.

Table I shows the average daily population and the cost per inmate at the Swan River Forest Camp. Table II shows the staffing by the categories of direct care, education and other staff.

Table I
Swan River Forest Camp
Statistical Data

Factor	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom	FY91 Recom
Average Daily Population (ADP)	49.98	52.02	49.08	47.19	51.21	49.38	49.11	51.00	49.11	49.11
Total Staff Authorized	27.33	26.33	26.33	26.33	26.83	25.83	25.83	25.83	25.83	25.83
Variable Cost/Inmate/Day	\$6.78	\$7.12	\$7.04	\$6.95	\$6.88	\$6.83	\$7.16	\$7.62	\$7.98	\$7.94
Fixed Cost/Inmate/Day	\$35.77	\$37.68	\$39.51	\$43.72	\$41.04	\$40.75	\$41.46	\$7.62	\$46.14	\$45.94
Total Cost/Inmate/Day	\$42.55	\$44.80	\$46.55	\$50.67	\$47.92	\$47.58	\$48.62	\$49.05	\$54.12	\$53.88
Average Length of Stay (months)	6.74	7.49	6.48	6.08	7.57	7.57	7.57			

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP levels fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per inmate per day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, expenditures, reversions or cost savings achieved.

*** The fixed and variable costs for FY89 through FY91 are based upon estimates rather than actual expenditures.

**** The average length of stay cannot be determined until the end of each fiscal year.

Table II
Swan River Forest Camp
Staffing Levels

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	15.55	15.55	15.55	15.55	15.55	15.55
Education	1.00	1.00	1.00	1.00	1.00	1.00
Other	10.28	9.28	9.28	9.28	9.28	9.28
Total	26.83	25.83	25.83	25.83	25.83	25.83

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	81.30	81.30	85.57	84.40
Personal Services	1,618,941.41	1,700,448	1,798,840	1,792,738
Operating Expenses	503,836.00	523,035	588,209	608,952
Equipment	9,849.00	0	12,590	0
Total Agency Costs	\$2,132,626.41	\$2,223,483	\$2,399,639	\$2,401,690
General Fund	462,329.13	552,504	689,505	691,556
State Special Revenue Fund	16,023.05	20,764	20,764	20,764
Federal & Other Spec Rev Fund	1,654,274.23	1,650,215	1,689,370	1,689,370
Total Funding Costs	\$2,132,626.41	\$2,223,483	\$2,399,639	\$2,401,690
Current Level Services	2,132,626.41	2,223,483	2,302,595	2,314,354
Modified Level Services	0.00	0	97,044	87,336
Total Service Costs	\$2,132,626.41	\$2,223,483	\$2,399,639	\$2,401,690

Agency Description

The Veterans' Home provides a home for qualified veterans, and in some instances, for spouses of eligible veterans. In addition to the domiciliary, there is extended care available for those requiring nursing care. This facility is provided for in 10-2- 401 through 10-2-404, MCA.

Budget Issues

The Montana Veteran's Home was budgeted for 81.30 FTE in FY88 and FY89. A 0.50 Pharmacy position has been deleted because this agency is served by the departmental HPI pharmaceutical contract. Thus, the current level recommended FTE is 80.80 in FY90 and 80.80 in FY91. The modified level personal services increases by 3.60 FTE in FY90 and FY91 because of new Veteran's Administration standards. Also, 1.17 FTE are recommended in FY90 to meet the standards of the 1987 Omnibus Budget Reconciliation Act (OBRA).

A 2.0% vacancy savings is recommended for this agency.

The operational budget increases in contracted services because of an increase in the laundry contract, additional physician time requirements, and the HPI pharmaceutical contract. The supplies and material increases is primarily for the cost of drugs for the HPI contract. The utilities are recommended at a base level plus an inflationary adjustment. These additional costs account for most of the general fund increase from FY88 actual.

The equipment recommendation is for a resident whirlpool replacement and a used snow removal truck.

The increase in State Special Revenue is for adequate authority for goods purchased for resale.

The Federal and Other Special Revenue increases because of projected estimates and new federal legislation which was passed in the later part of FY88 which raises VA reimbursements from \$7.30 to \$8.70 in domiciliary and from \$17.05 to \$20.35 in nursing.

Table I shows the average daily population and the cost per resident at this facility. Table II shows the staffing at the Veteran's by the categories of direct care, and other staff.

Table I
MONTANA VETERANS' HOME
Statistical Data

FACTOR	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth.	FY90 Recom.	FY91 Recom.
Averaged Daily Popu- lation (ADP)	114.20	115.80	118.20	126.20	125.40	131.53	131.77	135.00	131.77	131.77
Total Staff Authorized	61.08	61.08	65.68	74.00	74.50	74.50	81.30	81.30	80.80	80.80
Variable										
Cost/Resident/Day	\$2.46	\$3.20	\$3.48	\$4.98	\$5.77	\$6.42	\$6.45	\$6.59	\$7.29	\$7.29
Fixed										
Cost/Resident/Day	\$28.42	\$29.85	\$31.91	\$32.93	\$34.08	\$33.90	\$37.77	\$38.53	\$42.60	\$42.64
Total										
Cost/Resident/Day	\$30.88	\$33.05	\$35.39	\$37.91	\$39.85	\$40.32	\$44.22	\$45.12	\$49.89	\$49.93

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

*** The fixed and variable costs for FY89 through FY91 are based upon estimates rather than actual expenditures.

Table II
MONTANA VETERANS' HOME
Statistical Data

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	33.55	33.55	43.55	43.55	47.32	46.15
Education	0.00	0.00	0.00	0.00	0.00	0.00
Other	40.95	40.95	37.75	37.75	38.25	38.25
Total	74.50	74.50	81.30	81.30	85.57	84.40

* The FTE levels in FY86 are authorized. The actual level of FTE in FY86 reflect additional positions necessary to meet Health Care Finance Administration requirements.

Modification Request

Registered Nurse (VA Standards) - On November 26,1986 the Veteran's Administration adopted new standards for the home's domiciliary unit. These standards must be met to qualify for VA reimbursement funds which are presently over \$642,000 per year. The standard requires a registered nurse to be on the day shift seven days a week. Posted this is a 1.60 FTE each year at a general fund cost of \$38,132 in FY90 and \$38,364 in FY91.

Social Worker (VA Standards) - The new VA standards require a Social Worker to implement individual plans and programs for domiciliary residents. This is a 1.00 FTE each fiscal year at a general fund cost of \$20,318 in FY90 and \$20,333 in FY91.

Nurse Aide (VA Standards) - The new VA standards require a Nurse Aide position to establish weekend programs and activities for the domiciliary residents. The general fund cost for 1.00 FTE each fiscal year is \$17,425 in FY90 and \$17,527 in FY91.

OBRA Requirements - In 1987, congress passed the Omnibus Budget Reconciliation Act (OBRA) which requires stricter standards for nursing and mental health facilities. This recommendation is for a 1.17 FTE aggregate position in FY90 to provide funding for staff coverage while Nurse Aides receive training. Supplies for the training is also recommended. In FY91, contracted professional services are recommended for medical and psychiatric review, and quality assurance. The general fund cost to meet these requirements is \$21,169 in FY90 and \$11,112 in FY91.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	705.46	720.00	719.35	718.00
Personal Services	17,519,361.47	18,564,763	17,909,057	18,024,961
Operating Expenses	3,394,986.53	3,289,592	3,542,501	3,651,119
Equipment	114,474.22	30,000	30,000	30,000
Total Agency Costs	\$21,028,822.22	\$21,884,355	\$21,481,558	\$21,706,080
General Fund	19,284,239.02	20,159,047	19,730,947	19,954,862
State Special Revenue Fund	1,738,665.30	1,721,533	1,748,126	1,748,653
Federal & Other Spec Rev Fund	5,917.90	3,775	2,485	2,565
Total Funding Costs	\$21,028,822.22	\$21,884,355	\$21,481,558	\$21,706,080
Current Level Services	21,025,235.05	21,884,355	21,383,887	21,613,516
Modified Level Services	3,587.17	0	97,671	92,564
Total Service Costs	\$21,028,822.22	\$21,884,355	\$21,481,558	\$21,706,080

Agency Description

The Montana State Hospital performs three treatment functions: 1) psychiatric care and treatment on the Warm Springs campus, 2) medical care on the Galen campus and 3) chemical dependency rehabilitative care on the Galen campus. The psychiatric program serves mentally ill persons who cannot be appropriately treated in community programs. The medical care unit provides hospital and long term care for Montana State Hospital patients who have serious medical conditions and also provides detoxification for chemically dependent admissions. The chemical dependency unit provides a 28-day alcoholism rehabilitation program and a long term program for individuals with other drug dependencies.

Budget Issues

The Montana State Hospital was budgeted for 705.05 FTE in FY88 and 720.00 FTE in FY89. The FY88 actual shows an additional 0.41 FTE which was an approved Title I budget amendment. The additional FTE in FY89 are for the staffing of the new forensic building. The current level budget for FY90-91 recommends 715.00 FTE. There are 5.00 FTE Pharmacist and Pharmacist Technician positions deleted because of the departmental contract with HPI for pharmaceutical services. The modified recommendation includes 4.35 FTE in FY90 and 3.00 FTE in FY91 for the 1987 Omnibus Budget Reconciliation Act (OBRA) requirements. There are two psychiatrist positions which have been vacant two years. Vacancy Savings is recommended at 2%.

The current level operational budget increases by 4.2% in FY90 and 7.3% in FY91 from FY88 actual. The primary

reasons for this increase are: 1) the contract costs and drug supplies for HPI pharmacy work, 2) inflation adjustments on supplies and materials and utilities, 3) variable costs for the additional population due to the new forensic unit.

Contracted services is budgeted less in FY90-91 than actual expenditures of FY88. However, FY90-91 budgeted is actually higher than FY88 budgeted by \$256,535 and \$274,728 respectively. The increase is primarily due to the new pharmacy contract.

In FY88 a portion of the salaries for two psychiatrist positions were transferred to the operating areas of the budget to help fund a contract with a medical contracting firm. This allowed the agency to obtain necessary psychiatric services. Due to the difficulty of recruiting psychiatrists, it is assumed the agency will utilize salaries of unfilled professional positions to cover shortfalls in other areas of the budget if necessary.

The equipment is recommended at \$30,000 each year and is to be purchased at the discretion of agency managers.

The current level general fund increases from FY88 actual expenditures by 1.8% in FY90 and 3% in FY91. The increase is primarily occurs in the personal services costs for the new forensic unit which was not open during most of FY88, and the operational increases just mentioned. The State and Other Special Revenue includes alcohol funds for the Galen treatment function and canteen authority. There is a small amount of Federal and Other Special Revenue for federal school lunch funds and interest and income earnings.

Table 1 shows the average daily population and the cost per resident at the Montana State Hospital. Table 2 shows the staffing by the categories of direct care, education and other.

Table# 1
MONTANA STATE HOSPITAL
Statistical Data

FACTOR	FY82 Actual	FY83 Actual	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Auth	FY90 Recom	FY91 Recom
Averaged Daily Population (ADP)	558.20	687.50	574.40	500.80	473.00	457.66	465.75	499.00	494.75	494.75
Total Staff Authorized	759.22	758.97	754.60	707.20	701.20	701.20	705.05	720.00	715.00	715.00
Variable Cost/ Resident/Day	\$5.28	\$4.86	\$5.93	\$6.77	\$6.62	\$6.84	\$8.07	\$7.87	\$7.80	\$7.88
Fixed Cost/ Resident/Day	\$84.19	\$74.04	\$87.13	\$103.82	\$105.26	\$115.94	\$115.23	\$112.26	\$111.15	\$112.31
Total Cost/ Resident/Day	\$89.47	\$78.90	\$93.06	\$110.59	\$111.88	\$122.78	\$123.30	\$120.13	\$118.95	\$120.19

* The ADP levels for FY89-FY91 are based upon authorized levels. Actual ADP fluctuate throughout each fiscal year and cannot be determined until each fiscal year ends.

** The total cost per resident day for FY89-FY91 is based upon authorized level of ADP and staff. These costs could decrease depending upon actual ADP experienced, actual expenditures, reversions or cost savings achieved.

*** The fixed and variable costs for FY89 through FY91 are based upon estimates rather than actual expenditures.

Table 2
MONTANA STATE HOSPITAL
Statistical Data

	FY86	FY87	FY88	FY89	FY90	FY91
Direct Care	331.10	331.10	344.55	358.00	352.00	352.90
Education	8.00	8.00	8.00	8.00	6.00	6.00
Other	362.10	362.10	352.50	354.00	360.45	359.10
Total	701.20	701.20	705.05	720.00	719.35	718.00

* The FTE levels in FY86 are authorized. The actual level of FTE in FY86 reflect additional positions necessary to meet Health Care Finance Administration requirements.

Modification Request

In 1987, congress passed the Omnibus Budget Reconciliation Act (OBRA) which requires stricter standards for nursing and mental health institutions. This recommendation includes an increase of 4.35 FTE in FY90 and 3.00 FTE in FY91. In FY90 2.35 FTE are necessary aggregate positions to provide coverage for one-time training of the present nurse aide staff. In FY90, two psychiatric nurse positions

are required for the training implementation. In FY91 an additional psychiatric nurse is necessary for review and assessment of OBRA standards implementation. One of the psychiatric nurses is to oversee an ongoing training program for the impacted agencies in the department. Travel funds are recommended in order to fulfill this nurse's responsibilities. The general fund cost for this modification is \$97,671 in FY90 and \$92,564 in FY91.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	4.00	4.00	4.00	4.00
Personal Services	126,466.67	127,654	126,506	126,507
Operating Expenses	33,354.60	32,787	33,648	32,966
Equipment	0.00	0	2,400	0
Debt Service	440.15	0	1,056	1,056
Total Agency Costs	\$160,261.42	\$160,441	\$163,610	\$160,529
General Fund	160,261.42	160,441	163,610	160,529
Total Funding Costs	\$160,261.42	\$160,441	\$163,610	\$160,529
Current Level Services	160,261.42	160,441	163,610	160,529
Total Service Costs	\$160,261.42	\$160,441	\$163,610	\$160,529

Agency Description

The Board of Pardons consists of three regular members and an auxiliary member appointed by the Governor with the advice and consent of the Senate. The board is responsible for the release of inmates on parole and furlough, and reviews and makes recommendations to the Governor on all cases of executive clemency. The board endeavors to secure the effective application and improvement of the Parole and Probation System and the laws upon which it is based. The board is allocated to the Department of Institutions for administrative purposes. Statutory authority of the board is found in sections 2-15-2302 and 46-23-104, MCA.

Budget Issues

In FY88 and FY89 the Board of Pardons was budgeted for 4.00 FTE. We recommend maintaining this FTE level for FY90 and FY91. There is no vacancy savings recommended in this program.

Other compensation is recommended at the FY88 actual level of expenditures.

The equipment recommendation is for the replacement of an old personal computer.

The debt service category is for the lease purchase of a telephone system. Communications charges are reduced as a result of the new system.

Table 1 shows the statistical data of the Board of Pardon's activities since 1976.

Table 1
Montana Board of Pardons
Statistical Data
Calendar Years 1976-1988

Year	Total Cases	Interviewed for Parole	Paroled and Percentage	First Time Offenders	Average Months Incarcerated	Parole Revocation	Revoked for New Crimes and Percentage
1976	590	371	274 (73%)	83%	13.8	90 (32.8%)	20 (13.7%)
1977	743	446	322 (72%)	80%	12.5	105 (32.6%)	25 (7.0%)
1978	799	390	253 (65%)	68%	13.9	125 (49.0%)	31 (12.0%)
1979	730	382	279 (73%)	61%	15.5	83 (29.7%)	18 (6.0%)
1980	727	380	267 (70%)	67%	18.2	75 (28.0%)	18 (7.0%)
1981	866	437	336 (76%)	48%	16.9	95 (28.3%)	22 (6.0%)
1982	913	470	329 (69%)	46%	14.4	78 (23.7%)	19 (5.7%)
1983	971	476	333 (70%)	40%	16.8	78 (23.4%)	26 (7.8%)
1984	998	507	271 (53%)	37%	15.8	92 (35.0%)	25 (9.2%)
1985	1,048	561	236 (42%)	37%	18.0	96 (40.0%)	27 (11.4%)
1986	1,073	547	309 (56%)	34%	18.6	80 (25.8%)	16 (5.0%)
1987	1,072	520	339 (65%)	35%	18.4	107 (31.5%)	26 (7.6%)
FY88	1,090	523	338 (64%)	40%	23.0	109 (32.2%)	33 (3.0%)

* FY88 is based upon projected cases to the end of calendar 1988.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	351.94	350.25	348.40	348.90
Personal Services	9,068,515.49	9,744,287	9,895,680	9,929,637
Operating Expenses	22,110,886.25	14,618,760	23,322,960	24,127,823
Equipment	493,393.40	301,878	304,083	129,531
Capital Outlay	129,999.88	0	0	0
Local Assistance	6,168,010.89	2,324,993	8,586,806	8,786,806
Grants	20,292,895.60	28,377,074	23,134,093	21,740,535
Transfers	8,510,152.04	28,068,600	7,169,988	8,542,185
Debt Service	290,436.72	3,924	261,276	3,491
Total Agency Costs	\$67,064,290.27	\$83,439,516	\$72,674,886	\$73,260,008
General Fund	4,707,968.77	5,139,601	5,882,606	6,127,643
State Special Revenue Fund	18,125,149.55	27,610,447	18,921,306	18,971,747
Federal & Other Spec Rev Fund	16,169,596.74	20,084,027	21,071,145	19,506,385
Proprietary Fund	28,061,575.21	30,605,441	26,799,829	28,654,233
Total Funding Costs	\$67,064,290.27	\$83,439,516	\$72,674,886	\$73,260,008
Current Level Services	66,021,635.07	83,332,121	71,563,283	72,118,552
Modified Level Services	1,042,655.20	107,395	1,111,603	1,141,456
Total Service Costs	\$67,064,290.27	\$83,439,516	\$72,674,886	\$73,260,008

Agency Description

The Department of Commerce was established by Section 2-15-1801, MCA, to encourage and promote commerce-related activities in Montana through a wide spectrum of programs. Some of the programs are designed to foster stable, diversified economic development by providing various types of assistance to businesses wishing to develop or expand within the state and internationally. Two integral parts of the department's mission are: the maintenance and development of transportation systems that will provide a cost effective means of bringing commercial products to local, national, and international markets; and the marketing of the state as a vacation destination and motion picture location site.

Other programs within the department exist to provide financial and technical assistance to counties and communities in which the local tax base is inadequate or where rapid

development has affected the ability of those entities to provide essential services to their citizens.

The department also includes provision for licensing certain professional and occupational business men and women to insure a high standard of service to the citizens of Montana.

In addition, other programs are designed to provide assurance to consumers regarding the price, quantity and quality of various retail and wholesale commodities.

The 1987 Legislature established three programs new to the Department of Commerce. The Video Gaming Control Bureau was transferred from the Department of Revenue and, through a referendum approved by the voters in 1986, the Montana State Lottery was created and placed with the department. The Montana Economic Development Board and the Board of Investments were merged creating a new Board of Investments which is attached to the department for administrative purposes. The board manages the state investment portfolio of \$2.5 billion.

BUSINESS LICENSING/REGULATION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	1.00	1.00	1.00	1.00
Personal Services	52,770.26	51,522	52,921	52,950
Operating Expenses	20,166.44	101,474	96,319	96,085
Total Program Costs	\$72,936.70	\$152,996	\$149,240	\$149,035
State Special Revenue Fund	13,373.56	93,059	89,107	89,147
Proprietary Fund	59,563.14	59,937	60,133	59,888
Total Funding Costs	\$72,936.70	\$152,996	\$149,240	\$149,035
Current Level Services	72,936.70	152,996	149,240	149,035
Total Service Costs	\$72,936.70	\$152,996	\$149,240	\$149,035

Program Description

The Business Licensing and Regulation Program Support Program represents the budget for the operation of the Business Regulation Division Administrator. The administrator supervises the direction of the regulatory and licensing functions performed by the Building Codes, Milk Control, Professional and Occupational Licensing, and the Weights and Measures Bureaus. The Passenger Tramway Safety function is administered by this program.

Budget Issues

FTE and personal services do not change from FY88 to the 1991 biennium. Vacancy savings is .03%.

Operating expenses increase from FY88 to FY90 due primarily to inclusion of \$72,000 of state special revenue fund appropriation authority each year for a legal costs pool for the Professional and Occupational Licensing (POL) Boards, the Milk Control Bureau and the Building Codes Bureau. All requests for contracted legal expenses by the POL Boards were deleted in lieu of this authority. No actual expenses will be charged to this account; rather, based upon budgets and unforeseen emergencies, the necessary authority will be transferred to boards and expenses will be charged to the individual board's account. Other POL administrative

expenses are budgeted at current level with inflation and operating adjustments.

The 1987 Legislature transferred passenger tramway safety functions to this division from the Department of Administration in accord with SB78. FY88 costs for tramway responsibilities were \$13,374 and the 1991 biennium is budgeted at \$17,039 in FY90 and \$17,079 in FY91. This accounts for another portion of the operating expense increase in the division.

There is no equipment budgeted.

State special revenue includes \$72,000 of administrative legal pool authority each year of the 1991 biennium, passenger tramway receipts of \$17,039 in FY90 and \$17,079 in FY91 and fireworks wholesalers receipts of \$68 each year. The budget for the administrator is financed from a proprietary account which receives its revenue from the bureaus and programs being supervised and supported based upon the percentage of time each requires. For the 1991 biennium, this percentage and the amount to be paid is as follows: POL Bureau 45% for \$25,981 in FY90 and \$25,928 in FY91; Building Codes Bureau 36% for \$22,613 in FY90 and \$22,421 in FY91; Milk Control Bureau 8% for \$4,975 in FY90 and \$4,975 in FY91; Weights and Measures Bureau 8% for \$4,975 in FY90 and \$4,975 in FY91; and Tramway Safety 3% for \$1,589 each year.

WEIGHT & MEASURES BUREAU
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	12.00	12.00	12.00	12.00
Personal Services	283,102.79	302,951	313,716	314,800
Operating Expenses	108,786.74	120,527	117,965	117,314
Equipment	21,654.06	12,700	18,000	18,000
Total Program Costs	\$413,543.59	\$436,178	\$449,681	\$450,114
General Fund	413,543.59	436,178	449,681	450,114
Total Funding Costs	\$413,543.59	\$436,178	\$449,681	\$450,114
Current Level Services	413,543.59	436,178	449,681	450,114
Total Service Costs	\$413,543.59	\$436,178	\$449,681	\$450,114

Program Description

The staff of the Weights and Measures Bureau test and inspect all weighing and measuring devices and are responsible for calibrating all weights and measures. The bureau staff are also responsible for quality control of all petroleum products. They investigate complaints concerning violations of weights and measures laws and regulations; regulate labeling, advertising, and quantity control of prepackaged products; license all state petroleum dealers; and collect license and scale test fees, as well as impose late penalties.

Budget Issues

The bureau continues with 12.00 FTE as follows: the bureau chief, an administrative assistant who licenses weighing devices, a secretary who licenses petroleum devices and records bureau activities and nine inspectors who review and test all devices throughout the state. Devices are organized into two categories: petroleum devices such as gas pumps and meters licensed in over 1,600 business; and weighing devices ranging from small grocery scales to large

cattle scales which are licensed in about 3,800 businesses. Personal services costs increase by 10.8% from FY88 to FY90 due to vacant positions in the base year which were all filled as of FY89. Vacancy savings is 2%.

Because vacant positions in FY88 also lowered operating expenses, adjustments from FY88 to FY90 include: \$385 in supplies, \$241 in communications, \$3,492 in travel and \$102 in repair and maintenance. In addition, there are increases for rent, indirect administrative costs and operating recharges.

Equipment is \$18,000 for a truck each year, as compared with the bureau's requested \$72,815 for trucks and \$5,540 for a computer and calibrations program for the metrology lab. Due to revenue shortfall, all the items are not budgeted.

Funding for the Weights and Measures Bureau is 100% general fund. The licensing fees collected by the bureau are deposited directly to the general fund and are equal to about one-half of the bureau's annual operating costs, as summarized in Table 1 below.

Department of Commerce Table 1
 Weights and Measures Bureau Expenses and Fees
 Fiscal 1986 Through Fiscal 1988

	FY86	FY87	FY88
Personal Services	\$296,337	\$284,174	\$283,103
Operating Expenses	122,509	112,278	108,787
Equipment	25,476	1,278	21,654
Total	\$444,322	\$397,730	\$413,544
License Fees To General Fund	\$220,613	\$217,500	\$209,733
% of Total Costs	49.7%	54.7%	50.7%

**FINANCIAL DIVISION
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	21.00	21.00	19.50	19.50
Personal Services	535,233.73	577,829	549,970	551,516
Operating Expenses	200,185.72	207,544	223,142	219,123
Equipment	30,196.38	0	0	0
Total Program Costs	\$765,615.83	\$785,373	\$773,112	\$770,639
State Special Revenue Fund	765,615.83	785,373	773,112	770,639
Total Funding Costs	\$765,615.83	\$785,373	\$773,112	\$770,639
Current Level Services	765,615.83	785,373	773,112	770,639
Total Service Costs	\$765,615.83	\$785,373	\$773,112	\$770,639

Program Description

The Financial Division consists of the State Banking Board and Department of Commerce staff who are responsible for chartering, licensing, supervising, and examining state banks, savings and loan associations, credit unions, consumer loan licensees, sales finance companies, and Montana development companies/boards. They act as guardian of the public's interests in Montana's financial institutions and seek to prevent loss resulting from mismanagement or insolvency of state financial organizations. Statutory authority for these functions resides in Title 32, MCA.

Budget Issues

The Financial Division reorganized in FY88 for the purpose of improving efficiency and services and of realizing cost savings. A Billings field office is planned, with a scheduled opening date in January, 1989, to reduce both travel expenses and unproductive travel time for bank examiners. The reorganization also includes plans for improving supervision, quality control, employee performance evaluation and conversion of the examination process to portable computers. This process led to three upgrades: senior examiner

upgraded to Billings Field Office Supervising Examiner while continuing as field examiner; senior examiner upgraded to Helena Headquarters Supervising Examiner while continuing as field examiner; and examiner supervisor to Assistant Administrator with new supervisory and administrative responsibilities. A senior examiner job description was changed to a Bank Analyst position responsible for controlling quality in reports, analyzing requests for new charters, etc. and 1.50 FTE were eliminated. Personal services costs in the 1991 biennium for the 19.50 FTE are adjusted accordingly and vacancy savings is 2%.

Most operating expenses are budgeted at or below current level with inflation, although there are adjustments for anticipated legal fees and the new office space, plus travel to and registration fees for State Bank Supervisors training schools. Operating expenses increase 11.5% from FY88 to FY90.

There is no equipment budgeted and total program costs increase by less than 1% from FY88 to FY90 and decrease by 1.6% from the FY89 appropriated level.

State special revenue is the assessment paid by financial institutions in the state.

**MILK CONTROL BUREAU
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	8.00	8.00	8.00	8.00
Personal Services	170,980.28	192,152	194,710	194,817
Operating Expenses	91,429.24	87,446	97,803	93,039
Equipment	297.00	0	300	300
Total Program Costs	\$262,706.52	\$279,598	\$292,813	\$288,156
State Special Revenue Fund	262,706.52	279,598	292,813	288,156
Total Funding Costs	\$262,706.52	\$279,598	\$292,813	\$288,156
Current Level Services	262,706.52	279,598	292,813	288,156
Total Service Costs	\$262,706.52	\$279,598	\$292,813	\$288,156

Program Description

The staff of the Milk Control Bureau are responsible for supervising, regulating and controlling the milk industry of

this state. They investigate all matters pertaining to production, processing, storage, distribution and sale of milk. The bureau is charged with ensuring compliance by all licensees

through minimum pricing, fair trade rules, extension of credit, and financing prohibitions of the law. Intelligent production and orderly marketing of milk and cream products are encouraged to guarantee an adequate supply of healthful milk to the consuming public at the least possible cost.

Budget Issues

Personnel continue at 8.00 FTE and compensation is budgeted at current level consistent with FY89 as shown above. Personal services costs are higher than those in FY88 due to vacancy savings in the base year. Vacancy savings is 2% for the 1991 biennium.

Operating expenses increase over FY88 by \$6,374 in FY90 with \$474 attributable to inflation and the balance in adjustments for rent, maintenance, indirect administrative and re-charge costs. The FY88 to FY91 increase of \$1,610 results

from \$1,119 in inflation and \$491 in net administrative cost adjustments.

Equipment is budgeted at \$300 per year to replace calculators which are no longer on maintenance contracts.

Funding is 100% state special revenue generated by an assessment on milk produced in Montana.

Consistent with the 1989 biennium general appropriations act, it is recommended that the following language be included in the 1991 biennium bill: If the Board of Milk Control receives a petition to establish a state pooling arrangement as a method of paying producer prices, the department may request a budget amendment for additional operating costs for holding hearings and establishing the pool. Receiving such a petition is considered to be an emergency under provisions of 17-7-403, MCA.

POL BUREAU Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	30.43	30.43	30.43	30.43
Personal Services	772,593.16	839,928	853,564	857,428
Operating Expenses	1,382,262.39	1,601,805	1,563,685	1,550,148
Equipment	24,200.08	0	7,292	6,335
Transfers	0.00	100,000	100,000	100,000
Total Program Costs	\$2,179,055.63	\$2,541,733	\$2,524,541	\$2,513,911
State Special Revenue Fund	1,493,439.02	1,835,579	1,807,764	1,800,676
Proprietary Fund	685,616.61	706,154	716,777	713,235
Total Funding Costs	\$2,179,055.63	\$2,541,733	\$2,524,541	\$2,513,911
Current Level Services	2,179,055.63	2,541,733	2,516,041	2,507,411
Modified Level Services	0.00	0	8,500	6,500
Total Service Costs	\$2,179,055.63	\$2,541,733	\$2,524,541	\$2,513,911

Program Description

The Professional and Occupational Licensing Bureau is designed to provide the administrative and clerical services required by the professional licensing boards. Services provided by the bureau include correspondence, application processing, issuing licenses, renewing licenses, monitoring continuing education, investigating complaints, administering and grading examinations, taking minutes of board meetings, and maintaining board records. Services are provided to the following boards:

Board of Athletics
Board of Architects
Board of Barbers
Board of Chiropractors
Board of Cosmetologists
Board of Dentistry
Board of Hearing Aid Dispensers
Board of Landscape Architects
Board of Medical Examiners
Board of Morticians
Board of Nursing
Board of Nursing Home Administrators
Board of Occupational Therapists
Board of Optometrists
Board of Outfitters
Board of Pharmacists

Board of Physical Therapy Examiners
Polygraph Licensing
Private Employment Agencies
Private Security Patrolmen and Investigators
Board of Professional Engineers and Land Surveyors
Board of Psychologists
Board of Public Accountants
Board of Radiologic Technologists
Board of Realty Regulation
Board of Sanitarians
Board of Social Workers & Professional Counselors
Board of Speech Pathologists and Audiologists
Board of Veterinarians

Budget Issues

Although FTE remain the same from one biennium to the next, personal services costs increase by 10.5% from FY88 to FY90. These costs include \$15,675 more for compensation of board members due to expanded membership and schedules, \$64,696 more for compensation of staff due to the staffing of positions that were left vacant in FY88 and \$600 for a modification summarized below. Vacancy savings for the 1991 biennium is 2%.

Based upon decisions of the 1987 Legislature, 23.73 FTE in this bureau are in the administration program. The remain-

ing 6.70 FTE are statutorily assigned to a particular board. All boards pay for the budgeted personal services and operating costs of the administrative support which they receive, with the amounts based upon time studies. In addition, the boards pay 45% of the costs for the Administrator of the Business Licensing and Regulation Program Support Division.

Operating expenses increase 12.6% from FY88 to FY90, with the largest increase occurring in contracted services due primarily to tasks such as complaint investigations by nearly all of the boards and to specific activities such as the Board of Medical Examiners managing the Impaired Physicians Program.

Equipment is \$7,292 in FY90, with \$5,409 for terminals, printer, calculator and office furniture for administrative support and with \$1,883 for the boards. Equipment is \$6,335 in FY91, with \$5,409 for administrative support and \$926 for the boards.

The transfers of \$100,000, which are statutorily appropriated and included here only for information, are the Board of Realty real estate recovery account which is used to provide payment of claims pursuant to 37-51-501, MCA.

The administrative support portion of the total POL Bureau budget is \$716,777 in FY90 and \$713,235 in FY91. This is supported with the proprietary funds from the indirect cost recovery budgeted by each POL board.

Table 2 below shows that the bureau issued 3,146 new professional and occupational licenses and 36,886 renewals in FY88. There are 149 board members serving on the 27 boards, with two boards having three members and two boards having nine members. In addition to the 27 boards, there is the polygraph licensing function which is handled without a board and the Employment Agency Act which was transferred to this bureau from the Department of Labor and Industry pursuant to SB341 adopted by the 1987 Legislature. The total current-level budget for these POL functions is \$1,699,264 in FY90 and \$1,694,176 in FY91.

Department of Commerce Table 2
POL Boards' Fiscal 1988 Licensing Activities,
Number of Board Members and 1991 Biennium Budgets

Board	FY88 New Lic.	FY88 Re- newals	No. on Board	FY90 Budget	FY91 Budget
Architects	53	716	4	\$42,708	\$43,140
Athletics	84	0	3	3,722	4,035
Barbers	33	1,105	4	28,379	28,434
Chiropractors	20	294	4	30,619	30,715
Cosmetologists	381	5,680	4	123,205	123,556
Dentists*	60	1,084	8	65,629	64,670
Hearing Aid Dispensers	18	94	5	11,773	11,786
Landscape Architects	1	61	5	9,460	9,477
Medical Examiners	198	2,352	9	234,317	231,267
Morticians	8	355	5	25,213	25,096
Nursing	719	11,270	9	201,311	201,197
Nur Home Admin.	28	132	5	14,875	15,214
Occup Thera- pists	36	83	5	6,876	6,436
Optometrists	15	221	4	31,488	31,160
Outfitters	17	601	7	102,278	102,407
Pharmacists	32	1,020	5	118,364	118,805
Physical Ther- apy	43	266	5	17,856	17,874
Pvt	81	435	7	18,212	18,364
Security/Investig Prof	402	2,642	9	86,330	87,354
Engineers/Surveyors	11	145	5	18,833	19,040
Psychologists	136	2,070	5	173,703	169,022
Accountants	74	603	6	19,625	20,171
Radiologic Technol	473	4,186	5	241,519	242,202
Realty Regs	12	158	3	8,088	7,811
Sanitarians	159	236	7	24,732	24,851
Soc					
Workers/Counselors	18	280	5	10,051	10,070
Speech					
Pathol/Audiolog	32	776	6	26,676	26,420
Veterinarians	2	21	0	1,610	1,611
Polygraph			0	1,810	1,815
Employment Agency					
Total	3,146	36,886	149	\$1,699,264	\$1,694,176

* Dentistry merged with Dentistry

Modification Request

Nursing Newsletter and Competency Standards - The Board of Nursing is requesting a budget modification to increase operating expenses by \$8,500 in FY90 and by \$6,500 in FY91 for the purpose of publishing a newsletter twice each year for 12,000-plus licensees and to plan for nursing competency standards. The funding source is 100% state special revenue from licensing and fees.

**AERONAUTICS DIVISION
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	12.99	12.99	12.99	12.99
Personal Services	303,255.04	358,541	354,692	356,098
Operating Expenses	328,513.04	307,610	375,583	353,326
Equipment	33,031.00	22,892	15,000	15,000
Capital Outlay	129,999.88	0	0	0
Local Assistance	259,845.07	311,949	268,130	268,130
Grants	16,268.20	23,000	10,000	10,000
Transfers	4,490.04	10,000	10,000	10,000
Total Program Costs	\$1,075,402.27	\$1,033,992	\$1,033,405	\$1,012,554
State Special Revenue Fund	829,920.57	971,909	907,078	886,173
Federal & Other Spec Rev Fund	204,999.88	0	75,000	75,000
Proprietary Fund	40,481.82	62,083	51,327	51,381
Total Funding Costs	\$1,075,402.27	\$1,033,992	\$1,033,405	\$1,012,554
Current Level Services	890,402.39	1,033,992	1,033,405	1,012,554
Modified Level Services	184,999.88	0	0	0
Total Service Costs	\$1,075,402.27	\$1,033,992	\$1,033,405	\$1,012,554

Program Description

The Aeronautics Division consists of the Aeronautics Board and two bureaus. The Aeronautics Board, allocated to the department for administrative purposes, advises on matters pertaining to aeronautics.

The Airport/Airways Bureau staff provide technical and financial assistance to communities in airport development, navigational aid development, communications, aviation safety, and airport planning. Program staff plan, establish, operate, and maintain the state-owned system of airports, navigational aids, and communications facilities.

The staff of the Safety and Education Bureau maintain a statewide organization for aerial search and rescue and provide search and rescue for lost aircraft. They serve as the approving agent for Veterans Administration flight schools, enforce state law on pilot and aircraft registration, and issue commercial air operator certificates. Bureau staff plan and organize annual aircraft mechanic refresher seminars, annual flight instructor refresher clinics, and conduct aviation safety programs for pilots in Montana. Additional staff responsibilities include: maintain a film library for pilot groups and schools; furnish aviation information and educational materials to students; provide schools with help in the area of curriculum planning and career information; provide guided career awareness tours of specific aviation facilities for schools and other groups; maintain an accredited college aviation/aerospace teacher workshop program; produce a monthly newsletter for the aviation community. The bureau also makes air marking recommendations for proposed towers, power lines, etc., and the action of the Federal Aviation Administration (FAA) and other agencies are monitored with the best interests of Montana aviation in mind.

Budget Issues

FTE do not change but personal services costs increase for benefits, an upgrade of a first-time position classification, board compensation and less vacancy savings in the 1991 biennium. The vacancy savings rate is 2%.

Operating expenses are budgeted at or below current level with inflation adding \$5,079 in FY90 and \$6,320 in FY91.

There is a \$3,238 adjustment for travel and \$12,500 of educational grants are moved to operating expenses. FY90 operating expenses are higher than FY91 because there is a \$25,000 adjustment which is made every five years for printing the state's aeronautical chart that receives national and international distribution. Current level recommended operating expenses for FY90 are \$367,901 plus the \$7,682 which is statutorily appropriated for costs of collecting aircraft registration fees, making a total of \$375,583. Likewise, the FY91 operating expenses include \$8,030 which is statutorily appropriated.

Equipment is \$15,000 each year with the same items to be purchased annually: two upgrade packages for beacon transmitters for \$12,000 and three solid state air-to-ground VHF-AM radios for \$3,000. The capital outlay in FY88 was for repair of the West Yellowstone Airport roof, phase one being paid for with \$55,000 of oil overcharge funds appropriated in HB621 last session and phase two being paid for with the remaining \$10,000 of oil overcharge funds and Federal Aviation Administration (FAA) airport funds, for a total cost of \$130,000.

Local assistance is the distribution of 90% of all aircraft registration fees to counties in the proportion that each county's collections bear to the total collections statewide, pursuant to 67-3-205, MCA. This is a statutory appropriation as described in 17-7-502, MCA, and is included here for information. The statutory appropriation for operating expenses described above is 10% of the aircraft registration account for the purpose of administering and enforcing the act.

Grants of \$10,000 each year are to assist small airports in preliminary engineering and planning necessary to obtain the 90% federal aviation trust fund grants for airport improvements. The grants appear to decrease from the 1989 to the 1991 biennium because the aerospace teacher workshop grants and scholarships have been moved to an operating expense category based on an accounting opinion.

Transfers are the West Yellowstone Airport portion of the property tax collected by the Gallatin County treasurer pursuant to 67-1-303, MCA. The West Yellowstone Airport is

self supporting with the following revenue sources: 10% from landing fees which are based on gross plane weight; 6% from fuel flowage based on a percentage of the 1 cent charged per gallon by a fixed base operator; 30% from rent charged for floor space at the terminal building; 47% from the percentage of gross sales receipts from lessees such as car rentals, the restaurant and gift shop; and 7% from miscellaneous tie-down, taxi and other fees. The revenue, expenses

and fund balance for the West Yellowstone Airport account for the past five years are summarized below in Table 3.

Table 3 shows that the West Yellowstone Airport has been and is self-supporting, with a FY88 ending balance of \$56,364. The Department of Commerce will be presenting a status report on the airport to the Fifty-First Legislature in accord with the language which was added last session to HB621 regarding ownership transfer or closure of the airport.

Department of Commerce Table 3
Aeronautics Division West Yellowstone Airport Account
Fiscal 1984 Through Fiscal 1988

	FY84	FY85	FY86	FY87	FY88
Beginning Balance	\$1,221	\$29,104	\$33,881	\$40,748	\$38,968
Revenue	99,983	65,978	59,878	32,454	54,019
Tax Transfer	0	15,531	10,262	2,805	4,490
Prior Yr Revenue	0	(8,531)	0	2,565	
Total Increases	\$99,983	\$72,978	\$70,140	\$37,824	\$58,509
Current Expenses	71,737	67,336	62,283	35,477	40,482
Prior Yr Expenses	363	865	990	4,127	631
Total					
Deductions	\$72,100	\$68,201	\$63,273	\$39,604	\$41,113
Ending Balance	\$29,104	\$33,881	\$40,748	\$38,968	\$56,364

Modification Request

Aviation Fuel Tax Increase - The department will propose legislation to increase the state aviation fuel tax from 1 cent to 1 and 1/2 cents per gallon in order to bring actual Aeronautics Division revenue up to the appropriated 1989 bien-

num level. Aeronautics will nearly deplete its reserves in the remainder of FY89 and division officials do not believe any further program reductions are possible. In the event the legislation is not passed, then reductions will have to be made.

TRANSPORTATION DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	15.00	15.00	13.50	13.50
Personal Services	482,579.64	435,274	442,622	443,565
Operating Expenses	360,143.54	232,642	287,688	274,628
Equipment	857.33	0	4,000	500
Grants	1,130,731.15	3,398,985	2,259,563	704,684
Total Program Costs	\$1,974,311.66	\$4,066,901	\$2,993,873	\$1,423,377
General Fund	598,802.77	420,444	515,193	499,577
State Special Revenue Fund	71,250.00	71,250	71,250	71,250
Federal & Other Spec Rev Fund	1,304,258.89	3,575,207	2,407,430	852,550
Total Funding Costs	\$1,974,311.66	\$4,066,901	\$2,993,873	\$1,423,377
Current Level Services	1,855,580.42	3,959,506	2,883,756	1,313,261
Modified Level Services	118,731.24	107,395	110,117	110,116
Total Service Costs	\$1,974,311.66	\$4,066,901	\$2,993,873	\$1,423,377

Program Description

The Transportation Division's purpose is to maintain and develop effective transportation systems in Montana. The division staff provide technical, legal, planning, and financial assistance to transportation users, providers, and local governments. They are responsible for rate analysis and

development of cost models to assess changes in transportation rates and systems.

Division staff also contribute recommendations for development of Montana's transportation system. This is accomplished through various state and federal programs of technical and financial assistance designed to assist shippers, agriculture, the rail and trucking industries, inter-city

passenger carriers, urban public transportation, and other transportation providers and users. The division is also charged with administering the State Rail Plan and maintaining Montana's eligibility for general railroad assistance funding.

Budget Issues

There were 15.00 FTE in FY88, with 2.50 FTE having been added with federal funds and 0.50 FTE with oil overcharge transload funds through the budget amendment process, in accord with HB2 language authority. These 3.00 FTE modified are not continued in current level and an additional 1.00 FTE is moved to the transit research and training modification request outlined below, leaving 11.00 FTE in the FY90 and FY91 current-level budget, as requested by the agency. In addition, there are 2.50 FTE in the recommended modifications, for a total of 13.50 FTE each year of

the 1991 biennium. Personal services costs are adjusted accordingly and the vacancy savings rate is 2%.

It is recommended that similar language be included in the 1991 biennium general appropriations act as was added in the 1989 biennium stating that the Transportation Division may request budget amendment authority to add a maximum of 1.00 FTE to be funded entirely with federal funds.

There was a \$90,000 appropriation transfer of general fund authority from FY89 to FY88 operating costs in order to pay for McCarty Farms lawsuit expenses. This supplemental increased FY88 personal services and operating expenses and decreased FY89 personal services and operating expenses, thereby ruling out an across-the-board comparison in the main table. Table 4 below shows the history of the McCarty Farms litigation costs from FY82 through FY88, with total expenses of \$257,670 in FY88 and total expenses through the period of \$896,369.

Department of Commerce Table 4
Transportation Division Expenditures for McCarty Farms Litigation
Fiscal 1982 Through Fiscal 1988

Expense	FY82	FY83	FY84	FY85	FY86	FY87	FY88	TOTAL
Personal Services	\$7,601	\$29,908	\$9,275	\$18,543	\$42,753	\$35,418	\$52,003	\$195,501
Contracted Services	0	7,830	6,216	109,381	178,363	119,345	177,104	598,239
Operating Expenses	2,014	8,612	789	14,922	20,840	26,889	28,563	102,629
Total	\$9,615	\$46,350	\$16,280	\$142,846	\$241,956	\$181,652	\$257,670	\$896,369

Language in HB2 of the 1987 Legislature required the Transportation Division to spend at least \$95,000 per year in the 1989 biennium on the McCarty Farms litigation. As shown above, there were FY88 expenses of \$257,670 for this purpose and the division has spent approximately \$20,000 on the case in FY89. It is the department's belief that the division has fulfilled the intent of the HB2 language because at least \$95,000 of each fiscal year's spending authority has been used for this purpose.

There is budgeted \$90,000 per year for a line-item McCarty Farms litigation appropriation in the 1991 biennium, but no restrictive language on the amount to be spent each year is recommended. It is recommended that the general appropriations act reinstate language which appeared in prior biennia to the effect that the department shall seek to recover from any settlement the general fund expenditures made for the McCarty Farms/Staggers 229 litigation plus interest at the rate of 10% and that it is the intent of the legislature that recovery be sought for all such expenditures on this case.

Currently, the Interstate Commerce Commission (ICC) is deliberating the final rate structure and reparations to be made to the plaintiffs in the McCarty Farms case. Burlington Northern (BN) has already appealed the entire ICC decision regarding market dominance to the Washington, D.C. Court of Appeals. The ICC could reopen the decision, the Federal District Court in Great Falls could assume jurisdiction and hold hearings on the reparations issue which could be appealed to a circuit court, either the plaintiffs or BN could appeal any reparations decision and BN may attempt to reach an out-of-court settlement at any point along the way. The Transportation Division will continue to be

involved to represent the interests of the grain shippers of Montana.

Other operating expenses for the 1991 biennium are reduced to current level or below in accord with the FTE reduction.

Equipment is \$3,500 in FY90 for a computer and \$500 each year for software, upgrades and departmental computer costs.

Grants restricted for specific purposes account for approximately 70% the division's budget each year. Table 5 below shows on line one the \$71,250 of state special revenue gas tax funds that pass through the division each year for city public transportation systems and for county highway or transportation purposes, pursuant to 7-14-102, MCA. Urban Mass Transportation Administration (UMTA) grants which pass through the division are summarized on the next three lines. Federal Rail Administration Local Assistance funds are for rail planning rehabilitation and construction. The department is requesting a \$500,000 1991 biennial appropriation in Federal Rail Planning money to perform work on the Bainville-Scobey rail line. Finally, the federal Local Rail Service Assistance (LRSA) funds are principal and interest generated from federal investment of monies that were repaid early by BN as a result of the state's BN lawsuit settlement and these grants are available with a minimum of 30% match from project recipients. The Transportation Division is requesting \$1,054,879 in 1991 biennial authority to spend principal and interest which is restricted for use on the Central Montana Rail. There is a FY88 adjustment of \$2,993 and the authorized FY89 grants include \$738,566 of excess authority, which relate Table 5 to the main table totals.

Department of Commerce Table 5
Transportation Division State and Federal Grants
Summary of the 1989 and the 1991 Biennia

Grant Category	Actual FY88	Authorized FY89	Recommended FY90	Recommended FY91
State gas tax funds pass thru to city public transit systems & counties	\$71,250	\$71,250	\$71,250	\$71,250
UMTA Section 8 planning pass thru	58,000	60,000	60,000	60,000
UMTA Section 16(b)(2) pass thru for vehicles for elderly & handicapped	189,023	214,312	214,312	214,312
UMTA Section 18 pass thru for rural vehicles & spending subsidy	413,469	359,122	359,122	359,122
Federal Rail Administration Local Rail Assistance, Project Grants	388,578	328,000	500,000	-
Rail Construction Loan Fund fed. LRSA				
BN lawsuit settlement-Central MT Rail	7,418	0	1,054,879	-
Total	\$1,127,738	\$1,032,684	\$2,259,563	\$704,684
Adjustments	\$2,993	\$738,566	0	0
Main Table Totals	\$1,130,731	\$1,771,250	\$2,259,563	\$704,684

If the Shelby transloading facility grant is awarded in the oil overcharge bill for the 1991 biennium, administrative costs for the Transportation Division will be included in the appropriation.

Modification Request

Federal Rail Planning - This modification, which was approved by budget amendments in the 1989 biennium, will enable technical assistance to shortline railroads such as Central Montana Rail and Rarus, preparation of the annual Rail Plan update which allows the state to maintain eligibility for available federal rail funds, continuation of the rail

data base and analysis of data on such factors as track condition and rail rehabilitation costs. This grant will fund 1.50 FTE and operating expenses with 100% federal funding. The total cost is \$50,000 each year of the 1991 biennium.

Transit Research and Training - This modification is for an ongoing federal UMTA program Section 18h grant to provide training, technical assistance and research to rural transit operators. One FTE and operating costs are moved from the current-level budget to this modification which is 100% federally funded. The cost is \$60,117 in FY90 and \$60,116 in FY91.

BUSINESS ASSISTANCE DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	18.00	18.00	17.00	17.00
Personal Services	380,616.00	533,210	505,218	505,598
Operating Expenses	580,633.38	1,219,033	885,363	881,691
Equipment	24,265.45	0	7,175	1,250
Local Assistance	0.00	380,042	0	0
Grants	7,500.00	111,022	287,564	232,926
Total Program Costs	\$993,014.83	\$2,243,307	\$1,685,320	\$1,621,465
General Fund	632,613.95	633,219	706,054	697,199
State Special Revenue Fund	272,577.81	970,575	644,016	594,016
Federal & Other Spec Rev Fund	87,823.07	639,513	335,250	330,250
Total Funding Costs	\$993,014.83	\$2,243,307	\$1,685,320	\$1,621,465
Current Level Services	973,503.67	2,243,307	1,685,320	1,621,465
Modified Level Services	19,511.16	0	0	0
Total Service Costs	\$993,014.83	\$2,243,307	\$1,685,320	\$1,621,465

Program Description

The Business Assistance Division performs comprehensive services that constitute the direct technical assistance component of the state's economic development effort, including the following programs:

Development Finance Technical Assistance — provides help to businesses in the areas of financial analysis, financial planning, loan packaging, industrial revenue bonding, state and private capital sources, and business tax incentives. The program also is designed to work with businesses and finan-

cial institutions to encourage the use of various local, state, and federal public sector programs.

Marketing Assistance and Montana Product Promotion — program staff work with individual small businesses and trade associations to develop and expand outlets for products manufactured or processed in Montana. Products of Montana manufacturers are represented at selected trade shows. The "Made in Montana" label program is supported by extensive public awareness campaigns utilizing television, newspaper, outdoor, and radio advertising.

Small Business Advocacy and Business Licensing Center — distributes information concerning the state licensing requirements for starting and operating a business and provides assistance to businesses in applying for licenses and permits. The division also serves as an advocate for small businesses.

International Export Assistance — is designed to enhance the marketability of Montana goods and services in foreign markets. As part of this effort, a representative office in Tokyo and a showroom in the Taipei World Trade Center have been opened.

Manufacturing and U.S. Government Procurement Assistance — is made available either through division staff or through cooperating university system programs.

Business Retention and Expansion — is facilitated through an early-warning system to identify and assist businesses experiencing potentially reversible difficulties, and through a special projects effort to address target industry needs.

Assistance to Businesses in the Tourism Industry — is available through the SUPERHOST community hospitality training program and other technical assistance activities.

Montana Growth Through Agriculture — makes seed capital investments in value-added agricultural and rural enterprises, provides matching funds for small community business incubators, and has special programs in domestic and international marketing.

Assistance to Local Development Organizations — is a community economic development capacity-building program, which administers the Certified Communities Project. Through it, local development organizations are helped to retain, expand, and recruit businesses.

Business Location — promotes Montana to out-of-state firms planning relocations or expansions. Targeted industry recruitment and responses to business or investor inquiries are the primary program focuses.

Montana Ambassadors — are a group of approximately 200 business and education leaders from across the state who work with the division and the Governor's Office on special business recruitment and retention activities.

Budget Issues

There are 17.00 FTE in the recommended budgets for the 1991 biennium as a result of 1.00 FTE coordinator of the Superhost Program being transferred to the Montana Promotion Division and the 2.00 FTE who were statutorily authorized for administrative support of the Montana Agriculture Development Council now being included in the general appropriations act. For purposes of comparison, FY88 statutory appropriations are included in the main table. Because the 1987 Legislature expanded the Business Assistance Division with programs that required planning and lead time, personal services in FY88 do not reflect a full year of operation. Personal services costs for the 1991 biennium are budgeted at current level, as can be seen by

comparing FY89 and FY90 costs. The vacancy savings rate is 2% for the 1991 biennium.

Operating expenses increase primarily as a result of two programs being budgeted for complete-year costs for the first time:

(1) The Pacific Rim Program Tokyo office and Taipei showroom had partial-year program costs of \$213,389 in FY88 and the program is budgeted at a total cost of \$480,354 each year of the 1991 biennium. For comparison purposes, the FY88 personal services costs were \$5,858 and the FY90 personal services costs are \$35,745; the operating expenses were \$206,999 in FY88 and are \$444,609 in FY90; and the equipment costs were \$533 and are zero for the 1991 biennium.

(2) Two Small Business Development Centers (SBDC), one in Helena and one in Glendive, were approved in a budget modification with an appropriation of federal funds in the amount of \$221,000 in FY88 and in FY89. By the time planning was completed, only \$11,613 of authority for the SBDC was expended in FY88 and \$276,250 is budgeted each year of the 1991 biennium.

Equipment, which is recommended at \$7,175 in FY90 and \$1,250 in FY91, includes \$1,850 for a personal computer with printer for field work, \$575 for file cabinets, \$1,250 for multi-user SBDC software and \$3,500 to update financial software.

Grants for FY90 include \$5,000 to phase-out the Economic Development Administration 304 funds by using recaptured loan repayments for incentives in the Certified Communities Program and \$282,564 for Growth Through Agriculture statutorily appropriated grants. The \$232,926 for FY91 grants is 100% statutorily appropriated for Growth Through Agriculture.

General fund increases by 11.6% from FY88 to FY90 and by 10.2% from FY88 to FY91, primarily due to long-standing commitments of support for the Pacific Rim Program. State special revenue for FY90 includes the following: \$134,016 accommodations tax for the Pacific Rim Program, \$10,000 accommodations tax for assistance to tourism-related businesses and \$500,000 of the coal severance tax in the Growth Through Agriculture account. Federal and other special revenue for FY90 includes the following: \$54,000 of workshop tuition, fees and private contributions; \$5,000 of Economic Development Administration (EDA) loan repayments; and \$276,250 of SBDC grant funds.

For FY91, state special revenue accommodations tax is constant at \$144,016 and the coal severance tax decreases to \$450,000. Federal and other revenue decreases by \$5,000 because no further EDA loan repayments are budgeted.

It is recommended the general appropriations act include the following: The department is authorized to make grants to other state agencies from the Growth Through Agriculture account as approved by the Montana Agriculture Development Council in accord with 90-9-101 et seq. MCA.

The Montana Ambassadors organized the non-profit organization called Montanans for Super Collider, Inc. and raised private sector funds to match the \$300,000 general fund appropriation, as required by HB867 adopted by the 1987 Legislature. Because the bill provided for reversion of the unexpended general fund, but did not provide for disposition of the unexpended match, which is about \$16,589, the following general appropriations act language is recommended: "Language authority appropriates to the Department of Commerce the unexpended private funds for the Super Collider effort, to be held in a special fund for the

Montana Ambassadors Program and used for projects which will promote new business or jobs. Any use of the funds will require a majority approval by the Montana Ambassadors

Board of Directors." These private funds are not included in the recommended budget.

MONTANA PROMOTION DIVISION Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	14.43	14.98	15.33	15.33
Personal Services	353,365.84	367,599	399,762	401,157
Operating Expenses	2,615,985.88	3,453,528	3,161,000	3,162,499
Equipment	74,367.66	1,100	4,000	1,000
Local Assistance	783,225.30	1,135,607	1,118,676	1,118,676
Total Program Costs	\$3,826,944.68	\$4,957,834	\$4,683,438	\$4,683,332
State Special Revenue Fund	3,600,572.26	4,607,834	4,331,343	4,331,237
Federal & Other Spec Rev Fund	226,372.42	350,000	352,095	352,095
Total Funding Costs	\$3,826,944.68	\$4,957,834	\$4,683,438	\$4,683,332
Current Level Services	3,826,944.68	4,957,834	4,683,438	4,683,332
Total Service Costs	\$3,826,944.68	\$4,957,834	\$4,683,438	\$4,683,332

Program Description

The Montana Promotion Division seeks to increase non-resident travel and motion picture/TV commercial expenditures in the state by promoting a positive image of the state via advertising, publicity, publications, exhibiting, and personalized counseling and services.

Budget Issues

There were 14.00 FTE authorized for FY88 and this was increased by 0.33 FTE transferred in as a shared data processing position and by 0.10 FTE added pursuant to HB607 for the purpose of assisting in the Highway Sign Inventory Project during the last month of the fiscal year. There is a total of 15.33 FTE in FY90 and FY91 because 1.00 FTE permanent employee is added as a result of the Superhost Program being transferred from the Business Assistance Division with its one staff person. Personal services are budgeted at current level with 2% vacancy savings for the 1991 biennium.

Operating expenses are budgeted primarily based on the amount of accommodations tax revenue that is projected to be available for investment in Montana advertisements and promotions. In addition, operating expenses increase by approximately \$47,000 each year due to the transfer of Superhost from business assistance to this division.

Table 6 below summarizes the anticipated distribution of the accommodations tax for the 1991 biennium pursuant to HB84 as adopted by the 1987 Legislature. Of the revenue balance remaining after the Department of Revenue collections cost is deducted, the Montana Historical Society receives 1% for roadside historical signs and historic sites and the university system receives 2.5% for a Montana travel research program. Of the balance then remaining, 75% is to be used by the Department of Commerce for promotion of Montana tourism and motion picture and television commercial location, with the remaining 25% allocated to regional non-profit tourism corporations based on the ratio of tax collections from each region.

Department of Commerce Table 6
Montana Promotion Division Accommodations Tax
1991 Biennium Recommended Distribution

Description	Recommended FY90	Recommended FY91
Accommodations Tax Collected	\$4,934,017	\$5,196,305
Dept. of Revenue Collections Cost	99,000	104,000
Historical Society	47,395	47,403
Signs/Sights		
University System	121,000	127,000
Travel Research		
Dept. of Commerce	3,356,683	3,356,577
Montana Promotion		
Dept. of Commerce	1,118,676	1,118,676
Regional Tourism		

The administration proposes and the department will submit an amendment revising the accommodations tax legislation so that operating funds are appropriated in the general appropriations act rather than in statutory appropriations.

Equipment for the 1991 biennium includes \$1,000 each year for replacement items and \$3,000 in FY90 for an exhibition booth for promotion purposes.

Local assistance is the funds returned to the tourism regions and some cities under review of the Tourism Advisory Council which was established by HB84. Because the FY88 distribution of \$783,225 was based on the first three quarters of collection, the amount for FY90 increases by nearly 43%.

State special revenue is the accommodations tax. Federal and other special revenue is \$350,000 of contributions from Montana businesses each year and \$2,095 of economic development funds transferred with the Superhost Program.

**HOUSING ASSISTANCE BUREAU
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	179,471.09	183,206	181,043	181,293
Operating Expenses	108,292.55	104,530	109,889	108,424
Equipment	8,655.00	696	11,330	350
Grants	9,288,999.99	9,744,360	12,382,880	12,395,075
Total Program Costs	\$9,585,418.63	\$10,032,792	\$12,685,142	\$12,685,142
Federal & Other Spec Rev Fund	9,585,418.63	10,032,792	12,685,142	12,685,142
Total Funding Costs	\$9,585,418.63	\$10,032,792	\$12,685,142	\$12,685,142
Current Level Services	9,585,418.63	10,032,792	12,685,142	12,685,142
Total Service Costs	\$9,585,418.63	\$10,032,792	\$12,685,142	\$12,685,142

Program Description

The Housing Assistance Bureau's function is to provide decent, safe, and sanitary housing to eligible low-income families and individuals (including elderly, disabled, and handicapped families) through federally-funded rental assistance and rental unit rehabilitation programs.

Budget Issues

There are no FTE or compensation changes from the 1989 to the 1991 biennium. Vacancy savings is 2%.

Operating expenses are budgeted at current level with inflation. Equipment for FY90 is a printer, file cabinet, work table and computer upgrade. Equipment for FY91 is a file cabinet.

Grants for housing assistance program activities increase 33% from FY88 to FY90, with the most significant increase occurring in Section 8 voucher payments to local landlords which increase by \$423 thousand.

Revenue is 100% federal U. S. Department of Housing and Urban Development funds.

The Section 8 Housing Bureau is proposing to do a comprehensive, statewide housing survey, mainly focusing on housing for low income residents, during the 1991 biennium. An in-depth housing profile is needed for short- and long-term planning related to the increasing federal grant levels. In order to accomplish this task, it is recommended that the general appropriations act include language authorizing the bureau to submit an operations plan change that includes an additional 1.00 FTE research specialist and operating expenses for the 1991 biennium.

**COMMUNITY DEVELOPMENT BUREAU
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	13.00	13.00	11.50	11.50
Personal Services	390,311.88	391,632	349,160	349,671
Operating Expenses	249,454.47	258,620	244,456	244,489
Equipment	1,906.67	0	100	100
Grants	6,031,570.00	5,262,673	5,183,674	5,183,069
Transfers	0.00	1,211,934	0	0
Total Program Costs	\$6,673,243.02	\$7,124,859	\$5,777,390	\$5,777,329
General Fund	214,620.26	213,995	579,193	584,101
State Special Revenue Fund	1,730,094.89	1,464,349	107,769	107,680
Federal & Other Spec Rev Fund	4,728,527.87	5,446,515	5,090,428	5,085,548
Total Funding Costs	\$6,673,243.02	\$7,124,859	\$5,777,390	\$5,777,329
Current Level Services	6,673,243.02	7,124,859	5,777,390	5,777,329
Total Service Costs	\$6,673,243.02	\$7,124,859	\$5,777,390	\$5,777,329

Program Description

The Community Development Bureau exists to provide assistance to local governments, private developers, and citizens in the areas of: public works planning and financing,

land use and development regulation, capital improvement planning, local government issues research and development, and economic development. The program includes the following boards and programs:

The Coal Board - provides grants to local governments where adverse impacts have occurred as a result of large-scale coal development. The program is administered by a gubernatorial appointee board that acts on applications from local governments for public facilities or services intended to mitigate negative public fiscal impacts.

The Hard-Rock Mining Board - assists mineral developers and local government units prepare, review and implement impact plans for new, large-scale hard-rock mines; arbitrates disputes; makes determinations on impact plan waivers; and awards grants and loans to mitigate fiscal and economic impacts of mine workforce reduction and closure.

The Community Development Block Grant - receives, awards, administers, and monitors Federal HUD funds intended to assist local governments with their greatest public facilities, housing, and economic development needs by funding projects that principally will benefit low-to moderate-income people in their communities.

Technical Assistance - provides technical assistance to local governments. Much of the assistance is accomplished through training workshops, publications, and automated data retrieval.

Budget Issues

Due to the decreasing number of Coal Board grants to local governments, staff in this program is reduced from 2.50 FTE to 1.00 FTE administrator plus contract secretarial assistance. This accounts for the decrease of 1.50 FTE in the Community Development Bureau to the 1991 biennium level of 11.50 FTE. Personal services are adjusted accordingly and vacancy savings is 1.2% based on FY88 experience.

A brief summary of the budget and policy recommendations for each program of the bureau follows.

Coal Board - There is 1.00 FTE administrator, contract secretarial assistance and operating expenses of \$42,316 in FY90 and \$42,160 in FY91, plus continuation of the Eastern Coal Counties Task Force grants through the Department of Justice in the amount of \$292,553 in FY90 and \$292,388 in FY91. The total budget of \$374,588 in FY90 and \$374,286 in FY91 is supported with general fund

because the local impact coal production tax is being recommended for support of the School Foundation Program.

Hard-Rock Mining Board - The 2.00 FTE continue unchanged. Expenses are budgeted at current level with inflation and total program costs increase from \$93,409 in FY88 to \$107,769 in FY90 and \$107,680 in FY91. The FY91 decrease is due to audit costs being included only the first year of the biennium.

For the 1989 biennium there was a line-item appropriation for anticipated hard-rock mitigation and arbitration expenses with language restricting how these monies could be spent. There were no expenditures in FY88. For the 1991 biennium, it is recommended that the general appropriations act include language authority for the Hard-Rock Mining Board to spend up to \$1,200,000 each year of the biennium for only the purposes detailed in 90-6-307, 90-6-311, 90-6-321 and 90-6-304(1), MCA, with the board to report to the legislature on any expenditures from the hard-rock mitigation and arbitration account.

Community Development Block Grant - This program is budgeted at current level with 5.50 FTE, inflation and two adjustments: (1) contract services increase by \$7,500 each year for three regional workshops on financial packaging for local economic and community development staff to be conducted in cooperation with the department's Business Assistance Division; and (2) grants increase 7.6% from \$4,543,687 in FY88 to \$4,891,382 in FY90. General fund decreases from \$72,921 in FY88 to \$64,635 each year of the 1991 biennium and the balance of the funding is federal revenue. If the general fund were to be decreased below the recommended appropriation, \$2 of federal revenue would be lost for each \$1 of decreased state support due to minimum federal matching requirements.

Technical Community Assistance - There are 3.00 FTE and total program costs of \$139,970 in FY90 and \$140,180 in FY91 for this program. Plans include ongoing updates to the public works money database to assist local governments with infrastructure financing, workshops and statewide information on planning and grant opportunities. Funding remains 100% general fund.

OFFICE OF RES. & INFO SERVICES Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	7.33	7.83	7.83	8.33
Personal Services	176,687.56	195,874	223,228	234,652
Operating Expenses	73,221.22	80,348	139,972	159,551
Equipment	10,572.58	1,188	0	14,000
Total Program Costs	\$260,481.36	\$277,410	\$363,200	\$408,203
General Fund	228,285.38	237,410	237,400	282,403
Federal & Other Spec Rev Fund	32,195.98	40,000	125,800	125,800
Total Funding Costs	\$260,481.36	\$277,410	\$363,200	\$408,203
Current Level Services	260,481.36	277,410	363,200	363,200
Modified Level Services	0.00	0	0	45,003
Total Service Costs	\$260,481.36	\$277,410	\$363,200	\$408,203

Program Description

The Office of Research & Information Services monitors and analyzes the Montana economy, formulates policy

recommendations through the Governor's Council on Economic Development, conducts specific economic analysis projects, distributes economic and demographic information

through the Census and Economic Information Center, maintains and presents information on the department's economic development programs as requested, and provides services for the department director as needed.

Budget Issues

Staff are at 7.33 FTE in FY88 because 0.33 FTE was transferred in as a shared data processing position and the same transfer is to continue. There is an additional 0.50 FTE increase for FY89 and for the 1991 biennium because the department administrative officer who had been shared half-time in the Director's Office will be full-time in this program. Compensation is adjusted accordingly and vacancy savings is 2%.

Operating expenses increase by 91% or \$66,751 from FY88 to FY90 due to the \$93,604 increase in federal Economic

Development Administration grant funds. There is no current-level equipment.

Modification Request

Census Data - Because this office serves as the Montana liaison with the Federal Bureau of the Census, there will be temporary workload increases from FY91 through FY93. This modification would add a total of 0.50 FTE temporary staff the last six months of FY91 as follows: 0.50 FTE computer programmer and 0.50 FTE secretary with the expectation that this modification will be requested to continue in the next biennium and end in FY93. Operating expenses are \$19,958 and the \$14,000 for equipment includes \$2,000 for computer terminal and port, \$1,800 for office furniture, \$4,300 for microfiche reader/printer, \$1,000 for map drawers, \$4,350 for an engineering copier designed to accommodate census maps, and \$550 for map tubes. The modification is supported with 100% general fund at a FY91 cost of \$45,003.

LOCAL GOV'T SERVICES-AUDIT Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	28.20	28.20	28.20	28.20
Personal Services	652,374.20	758,002	773,465	774,625
Operating Expenses	223,438.29	250,278	257,280	252,085
Equipment	4,579.81	10,500	11,548	16,828
Transfers	43,560.00	0	0	0
Total Program Costs	\$923,952.30	\$1,018,780	\$1,042,293	\$1,043,538
General Fund	43,560.00	43,546	43,560	43,560
Proprietary Fund	880,392.30	975,234	998,733	999,978
Total Funding Costs	\$923,952.30	\$1,018,780	\$1,042,293	\$1,043,538
Current Level Services	923,952.30	1,018,780	1,042,293	1,043,538
Total Service Costs	\$923,952.30	\$1,018,780	\$1,042,293	\$1,043,538

Program Description

The Local Government Services-Audit Program exists to perform post-audits of the financial statements of local government entities across Montana. These audits are conducted in accordance with Title 2, Chapter 7, Part 5, MCA. The program also performs special entity audits in cases of suspected fraud or misappropriation of funds. The audit function is designed to protect the taxpayers' interests by verifying that the financial conditions and operations are responsibly accounted, reported, and that local officials comply with all appropriate statutes and regulations.

Budget Issues

Staff continue at 28.20 FTE and compensation increases due to FY88 vacancies in three positions, deletion of an administrative appropriation of \$43,560 (which shows on the main

table under transfers in accordance with generally accepted accounting procedures) and to increases in longevity and benefits costs for the 1991 biennium. Vacancy savings is budgeted at 2%.

The reasons for operating expense increases are adjustments to compensate for FY88 staff turnover, deletion of the administrative appropriation mentioned above and the fixed cost increases in rent, the janitorial contract and maintenance contracts.

Equipment is to replace two field calculators annually and the balance of the funds will be used to automate the field audit procedures with portable computers and audit software, plus compatible printers.

General fund is the same as FY88 at \$43,560 each year of the 1991 biennium. Proprietary funds are revenue collected from local government units for audit services.

LOCAL GOV'T SERVICES-SYSTEMS
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	7.00	7.00	7.00	7.00
Personal Services	80,496.95	201,642	207,656	208,254
Operating Expenses	81,739.74	117,890	172,821	161,760
Equipment	0.00	4,250	5,424	424
Grants	2,548,990.26	2,614,153	2,710,412	2,914,781
Transfers	86,208.00	0	0	0
Total Program Costs	\$2,797,434.95	\$2,937,935	\$3,096,313	\$3,285,219
General Fund	2,372,462.17	2,460,078	2,686,209	2,912,209
State Special Revenue Fund	321,625.58	311,000	201,000	174,000
Proprietary Fund	103,347.20	166,857	209,104	199,010
Total Funding Costs	\$2,797,434.95	\$2,937,935	\$3,096,313	\$3,285,219
Current Level Services	2,797,434.95	2,937,935	3,096,313	3,285,219
Total Service Costs	\$2,797,434.95	\$2,937,935	\$3,096,313	\$3,285,219

Program Description

The Local Government Services-Systems Program exists to develop, implement, and maintain uniform budgetary, accounting, and reporting systems for Montana cities, towns, counties, school districts, and single purpose districts. The staff provide special accounting assistance to local finance personnel, coordinate technical advice and assistance between State agencies and local governments, and are responsible for the timely receipt of budgets and annual financial reports from counties, cities, and towns. The program administers the District Court Reimbursement Program and distribution of county land planning funds.

Budget Issues

Staff continue at 7.00 FTE, but compensation increases due to FY88 vacancies in three positions, deletion of an administrative appropriation of \$86,208 (which appears on the main table under transfers in accordance with GAAP) and benefits cost increases for the 1991 biennium. Management systems services has six of the staff positions, all of which are funded by charges to local government units. There is one position assigned to the District Court Reimbursement Program.

Operating expenses increase primarily due to deletion of the \$86,208 administrative appropriation, but also due to adjustments in travel and other expenses to provide for full staffing in the 1991 biennium.

Equipment is \$424 each year to replace a calculator and \$5,000 in FY90 for software upgrades.

There were significant changes in these programs as a result of decisions during the 1987 session which eliminated the Local Government Block Grant Program, revised the District Court Reimbursement Program by making 7% of the 2% tax on light motor vehicles the sole revenue source, and reduced the County Land Planning Grants Program.

Table 7 below shows the increase in funds available for district court reimbursement from a FY88 total of \$2,227,364, which was only eleven months of revenue due to start-up of the new vehicle tax, to a recommended FY91 total of \$2,740,781. The program historically has had insufficient funds to pay more than a fraction of the district court costs in authorized expenditure categories. The impact of decreasing revenues from coal production is seen in county planning grants which decline from \$321,626 in FY88 to \$174,000 in FY91. Court administration is the 1.00 FTE and the program audit costs which are \$40,919 in FY90 and \$40,500 in FY91.

Department of Commerce Table 7
Local Government Services - Systems
Comparison of 1988 and 1991 Biennia

Program	Actual FY88	Authorized FY89	Recommended FY90	Recommended FY91
District Court Reimbursement	\$2,227,364	\$2,303,153	\$2,509,412	\$2,740,781
County Land Planning	321,626	311,000	201,000	174,000
Grants Subtotal	2,548,990	2,614,153	2,710,412	2,914,781
Court Administration & audit	58,890	86,208	90,588	85,219
Managment Systems Program	189,555	237,574	295,313	285,219
Total	\$2,797,435	\$2,937,935	\$3,096,313	\$3,285,219

In order to ensure that the general fund does not have to make up any shortfall in projected revenues for the District Court Reimbursement Program, language was included in HB2 last session and it is recommended that similar language be used in the 1991 biennium general appropriations

act: If the revenues deposited to the general fund through implementation of 61-3-509, MCA, are less than the appropriation for district court reimbursement, the department shall reduce the reimbursement to equal the revenues generated.

LOCAL GOVT ASSISTANCE ADMIN Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	88,899.93	84,551	88,529	88,576
Operating Expenses	9,751.76	13,682	9,774	9,778
Total Program Costs	\$98,651.69	\$98,233	\$98,303	\$98,354
Proprietary Fund	98,651.69	98,233	98,303	98,354
Total Funding Costs	\$98,651.69	\$98,233	\$98,303	\$98,354
Current Level Services	98,651.69	98,233	98,303	98,354
Total Service Costs	\$98,651.69	\$98,233	\$98,303	\$98,354

Program Description

The Local Government Assistance Division-Administrator Program represents the budget for the operations of the administrator of the division and the division's legal counsel. The administrator supervises the functions of the Housing Assistance Bureau, Community Development Bureau (which includes the Coal Board and Hard-Rock Mining Board), the Audit Bureau, and the Systems Bureau (which includes the district court reimbursement and county land planning distribution functions).

Budget Issues

FTE, personal services and operating expenses are all at continued at the FY88 level and there is no equipment budgeted.

Total cost of this program is recovered by overhead service charges to the programs administered by the division administrator based upon the amount of time each requires. For the 1991 biennium, this cost allocation is as follows: Section 8 Housing - 11%; Local Government Assistance Program - 13%; Accounting/Management Systems - 13%; Montana Coal Board - 12%; Montana Hard-Rock Mining Board - 19%; Community Technical Assistance Program - 22%; and Communit Development Block Grant Program - 10%.

BUILDING CODES BUREAU
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	30.00	30.00	30.00	30.00
Personal Services	763,765.13	831,399	839,542	842,406
Operating Expenses	350,558.50	361,121	373,966	365,897
Equipment	380.00	147,580	4,150	930
Total Program Costs	\$1,114,703.63	\$1,340,100	\$1,217,658	\$1,209,233
General Fund	28,760.13	27,438	33,728	32,336
State Special Revenue Fund	1,085,943.50	1,312,662	1,183,930	1,176,897
Total Funding Costs	\$1,114,703.63	\$1,340,100	\$1,217,658	\$1,209,233
Current Level Services	1,114,703.63	1,340,100	1,217,658	1,209,233
Total Service Costs	\$1,114,703.63	\$1,340,100	\$1,217,658	\$1,209,233

Program Description

The Building Codes Bureau establishes and enforces minimum building, plumbing, mechanical, electrical, and energy standards to safeguard the public in design and construction of buildings, recreational vehicles, and factory-built buildings in accordance with the authority assigned in Title 50, Chapter 60, MCA. The bureau achieves compliance with minimum standards through: review and approval of plans; issuance of building, plumbing, mechanical and electrical permits; issuance of factory-built building and recreational vehicle insignia; and field inspection of buildings and installations. The Public Contractor's Licensing Function is administered by the Building Codes Bureau.

Budget Issues

Personal services increase primarily because the agency reorganized late in FY88, transferring the public contractor's licensing function with 1.00 FTE from the Director's Office to the Building Codes Bureau in order to put these similar responsibilities together. In addition, staff turnover caused FY88 vacancy savings to be higher than the 2% budgeted for the 1991 biennium.

Operating expenses increase over FY88 for building codes functions by \$18,194 in FY90 and by \$12,965 in FY91 due primarily to increases for gasoline, in-state travel, rent, grounds maintenance and indirect charges which were not offset by reductions in other areas. In addition, operating expenses increase over FY88 by \$1,289 in FY90 and by \$272 in FY91 for public contractors licensing; by \$1,029 in FY90 and by \$367 in FY91 for the Board of Plumbers; and by \$2,895 in FY90 and by \$1,735 in FY91 for the Electrical Board.

Equipment in FY90 is \$600 for public contractors file cabinets, \$550 for the Board of Plumbers to replace a band saw used during examinations, and \$3,000 for a letter quality printer for the Electrical Board because the board is housed in a separate building. The FY91 equipment is \$930 to replace the typewriter at the Electrical Board.

No general fund was appropriated for this bureau in the 1989 biennium; however, general fund of \$28,760 was transferred in FY88 from the Director's Office with the public contractors function. General fund increases due to the fixed overhead costs for the public contractors. State special revenue is building inspection fees and license fees for plumbers and electricians.

INDIAN AFFAIRS COORDINATOR
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	2.00	2.00	2.00	2.00
Personal Services	54,254.55	55,396	56,029	56,061
Operating Expenses	27,989.44	25,812	31,256	30,969
Total Program Costs	\$82,243.99	\$81,208	\$87,285	\$87,030
General Fund	82,243.99	81,208	87,285	87,030
Total Funding Costs	\$82,243.99	\$81,208	\$87,285	\$87,030
Current Level Services	82,243.99	81,208	87,285	87,030
Total Service Costs	\$82,243.99	\$81,208	\$87,285	\$87,030

Program Description

The Indian Affairs Coordinator identifies problems confronting the Indians of Montana, advises the legislative and

executive branches of those problems, and makes recommendations for their alleviation. The coordinator also serves the Montana Congressional delegation as an advisor and

intermediary in the field of Indian affairs and acts as spokesman for representative Indian organizations and groups, both public and private, whenever that support is solicited.

Budget Issues

FTE and compensation are continued at the FY88 base level and a 2% vacancy savings rate is used.

Operating expenses increase primarily as a result of \$1,000 added for contract secretarial service to assist with the workload, a postage increase of \$827 for newsletter and other mailings, and overhead cost increases for rent, maintenance contracts and indirect administrative charges. The decrease in FY91 costs is due to the audit charges in FY90. There is no equipment budgeted.

The total program is funded with general fund which increases 6.1% from FY88 to FY91.

HEALTH FACILITIES AUTHORITY Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	3.00	3.00	3.00	3.00
Personal Services	79,679.89	74,418	83,987	84,270
Operating Expenses	53,905.08	47,965	51,141	50,633
Total Program Costs	\$133,584.97	\$122,383	\$135,128	\$134,903
Proprietary Fund	133,584.97	122,383	135,128	134,903
Total Funding Costs	\$133,584.97	\$122,383	\$135,128	\$134,903
Current Level Services	133,584.97	122,383	135,128	134,903
Total Service Costs	\$133,584.97	\$122,383	\$135,128	\$134,903

Program Description

The Health Facilities Authority issues revenue bonds and notes to finance capital projects for public and private non-profit health facilities at borrowing rates generally below those otherwise available. Two types of programs are operated by the authority: one to provide financing for individual facilities; and the other to provide for the capital needs of a pool of institutions.

Budget Issues

Staff and their compensation are maintained at the FY88 level and the per diem for board members is increased by \$550 each year. There is no vacancy savings based on FY88 experience.

There were two transfers totalling \$11,467 to this program during FY88 and these expenditures were left in the base.

This accounts for FY88 total program costs being higher than FY89. The 1991 biennium operating expenses are budgeted essentially at current level as requested by the department. Costs decrease for consultation, audit fees, insurance and travel.

The department is submitting legislation which would change the required frequency of legislative audits for MFHA from annual to biennial audits, pursuant to 90-7-121, MCA. The board believes that neither the indentures nor the amount of program activity require continuing annual audits. If this legislation is approved, the FY91 operating expenses would be reduced by \$3,321.

The program is funded entirely from the costs of bond sales earmarked in the proprietary account for administrative expenses.

MT SCIENCE & TECH ALLIANCE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	5.00	6.00	2.00	2.00
Personal Services	170,114.27	190,020	69,512	69,824
Operating Expenses	315,787.22	99,869	79,938	77,872
Equipment	23,282.42	2,290	0	0
Grants	1,268,836.00	7,222,881	300,000	300,000
Total Program Costs	\$1,778,019.91	\$7,515,060	\$449,450	\$447,696
General Fund	0.00	0	449,450	447,696
State Special Revenue Fund	1,705,485.32	7,410,000	0	0
Proprietary Fund	72,534.59	105,060	0	0
Total Funding Costs	\$1,778,019.91	\$7,515,060	\$449,450	\$447,696
Current Level Services	1,778,019.91	7,515,060	449,450	447,696
Total Service Costs	\$1,778,019.91	\$7,515,060	\$449,450	\$447,696

Program Description

The Montana Science and Technology Alliance manages two investment funds for the purpose of strengthening entrepreneurial business development in Montana by encouraging the utilization of innovative technology to the benefit of the state's economy.

The seed capital investment fund is provided through the sale of bonds authorized by HB700 during the 1987 Legislative session. This fund is intended to provide a significant source of risk or venture capital for new and expanding technology-oriented businesses in Montana.

The alliance's research and development fund is provided through appropriations from the coal tax alternative energy research and development demonstration account. Investments from this account emphasize participation between university-based research and private sector companies in the areas of applied technology research, technology transfer and research capability development.

Budget Issues

In July, 1988, the Seed Capital Fund Program, adopted by the 1987 Legislature in HB700, was declared unconstitutional by the Montana Supreme Court in a seven to zero decision. The three major facets of the decision are as follows: (1) Use of the proceeds of bond sales which are guaranteed by the credit of the state may not be used for investment in private entities which are not under the control of the state; (2) authority delegated to the Montana Science and Technology Alliance (MSTA) was insufficiently specific in terms of investments to be made under the act; and (3) the title of the act did not appropriately state that

the credit of the State of Montana was to be pledged against debt service related to the bonds. Therefore, the court stated the act is void in total.

As a result of this decision, the recommended budget is consistent with the MSTA budget prior to the addition of the now-invalid seed capital activities. MSTA board members and officials of the department are preparing to submit legislation for use of coal production tax to accomplish the same seed capital objectives. If such legislation is approved, the additional 1991 biennium staff and program costs required to implement those provisions would be included therein.

The MSTA director and an administrative assistant are budgeted to continue the research and development program activities. In addition, there is \$6,000 compensation budgeted in personal services for the 15 board members to hold eight meetings per year.

Operating expenses of \$79,938 in FY90 and \$77,872 will enable \$30,000 of consultation each year for staff training and expert analysis of business plans and project proposals. There are funds of \$2,100 for four newsletters each year, \$1,500 for a professional brochure each year, more than \$12,700 in travel per year and over \$4,500 for program books and subscriptions.

Grants are recommended at \$300,000 per year.

The MSTA is funded with general fund. The alternative energy and energy conservation research development and demonstration account is appropriated to the Department of Natural Resources and Conservation, consistent with 90-4-103, MCA.

**BOARD OF HOUSING
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	13.00	13.00	14.00	14.00
Personal Services	313,942.79	346,547	365,246	365,993
Operating Expenses	1,397,488.41	678,893	1,433,917	1,442,447
Equipment	0.00	0	112,847	2,619
Debt Service	2,286.48	0	1,499	1,499
Total Program Costs	\$1,713,717.68	\$1,025,440	\$1,913,509	\$1,812,558
Proprietary Fund	1,713,717.68	1,025,440	1,913,509	1,812,558
Total Funding Costs	\$1,713,717.68	\$1,025,440	\$1,913,509	\$1,812,558
Current Level Services	1,099,616.81	1,025,440	1,352,396	1,246,941
Modified Level Services	614,100.87	0	561,113	565,617
Total Service Costs	\$1,713,717.68	\$1,025,440	\$1,913,509	\$1,812,558

Program Description

The Montana Board of Housing, created by the Montana Housing Act of 1975, is an agency of the state and is within the Department of Commerce for administrative purposes. The board is established to provide decent, safe, and sanitary housing in the state within the financial capabilities of lower income persons and families. Public monies are made available through the issuance of revenue bonds to assist private enterprise and governmental agencies in meeting critical housing needs. The board operates both single family and multifamily programs, administers federal housing programs at the state level, renders technical assistance, and conducts other activities which fulfill the program's legislative purpose.

Budget Issues

The 13.00 FTE from FY88 continue into the 1991 biennium and one of the modifications summarized below would add 1.00 FTE. Staff compensation is budgeted at current level with 2% vacancy savings. Compensation for board members increases by \$1,150 to \$8,000 each year.

During FY88, two transfers totalling \$300,000 of excess Lottery proprietary fund authority increased the MBOH base year program expenses and these were left in the base. In addition, there was a FY88 budget amendment of \$616,791 for foreclosure expenses, trustees expenses and fees, legal fees and property management expenses which is included in the main table FY88 program expenses. Moreover, it appears that a FY89 budget amendment of approximately \$997,000 will be requested for the same purposes.

The trustee and paying agent fees were \$196,140 in FY88. These fees are not budgeted for the 1991 biennium based on interpretation of 90-6-107, 90-6-112 and 90-6-116, MCA, that trustee fees related to the issuance and ongoing administration of MBOH bonds can and should be removed from the appropriation process.

Other operating expenses are budgeted essentially at the FY88 level with inflation, although they appear to increase in the main table due to inclusion of five modifications which are described below. The operating expenses for these modifications total \$539,972 in FY90 and \$546,063 in FY91.

It is recommended that language consistent with the 1989 biennium be continued in the general appropriation act to

the effect that if bonding activity increases in the 1991 biennium, a budget amendment may be requested to cover the additional bonding costs.

The current-level equipment is \$111,247 in FY90 and \$2,619 in FY91. There also is \$1,600 for equipment in FY90 through a recommended budget modification. The FY90 equipment includes the following items:

(1) \$100,000 for cash flow software to produce the cash flow certificates required for new bond issues, for bond calls, and to comply with indenture requirements. Because these have been produced at a cost of approximately \$25,000 per production, the MBOH anticipates recovering the cost of the software after producing four certificates.

(2) \$11,000 for computers, printers and software; and

(3) \$247 for a calculator and chair.

The FY91 equipment is \$2,619 for calculators and chairs.

The debt service is the final two years of installment purchase of a telephone system.

Proprietary funds are the administrative charges which are applied to the mortgages financed by the MBOH.

Modification Request

Accounting Support - This modification is for 1.00 FTE accounting technician and related operating expenses for single-family mortgage loan pool accounting. Since FY87, three separate series of loans have been originated, with more than 400 loans in each series, all of which require monthly reconciliation, reporting and billing for the life of the mortgage loan pool. Funding is 100% MBOH proprietary funds and the cost is \$23,563 in FY90 and \$21,967 in FY91.

Foreclosures - This modification is to continue each year of the 1991 biennium \$493,000 of the FY88 budget amendment, based upon MBOH predictions that foreclosure fees will require \$475,422 each year and that property management expenses will need an additional \$17,578. Funding is 100% MBOH proprietary funds and the cost is \$493,000 each year.

Tax-Exempt Multifamily Bonds - The MBOH would establish a 501(c)(3) non-profit organization to issue tax-exempt multifamily bond issues, required because the Tax Reform Act of 1986 halted the traditional MBOH tax-exempt multifamily bond issues. These issues help meet the needs for new low-income elderly and handicapped rental housing.

The acquisition of existing multifamily housing from the Department of Housing and Urban Development will be considered only if private enterprise fails to show an interest in the acquisition. The non-profit organization will issue bonds for construction of new units and must retain ownership of the project and the local public housing authority will manage the units. No additional FTEs are requested for this modification. The amount requested is \$7,500 in FY90 and \$5,000 in FY91 to develop and start-up the organization, which will be self-funding. The 1991 biennium modification is 100% MBOH proprietary funds.

Assistance For Elderly Homeowners - This modification requests administrative costs to establish a reverse annuity program through a taxable bond issue that will allow lower-income elderly homeowners to use the equity in their homes to receive a monthly cash payment for a period of ten years via a reverse mortgage. The program would use a significant portion of the proceeds from the eventual sale of the home to pay the interest and principal costs of the bond issue. The Department of Housing and Urban Development is establishing a demonstration program to insure home equity

mortgages for elderly homeowners and this is being investigated for potential use in Montana. The MBOH-funded modification would cost \$24,300 each year of the 1991 biennium.

Home Improvement Loan Program - This new program for lower-income persons would enable the MBOH to provide funds to mortgage lenders at below market rates for the purchases of notes evidencing qualified residential improvements to owner-occupied single family structures. The loans would likely be insured under FHA, Title I of the National Housing Act. Improvements eligible would include: (1) renovation of plumbing or electrical systems; (2) installation of energy conservation systems; (3) additional or renovation of living space; (4) other qualified alterations. The minimum and maximum loan amounts would be \$2,500 and \$15,000 respectively and the maximum of any loan term would be 15 years. The program would be self-funding and the FY90 costs of \$12,750 and the FY91 costs of \$21,350 are for administration. There are no new FTE associated with this program.

INVESTMENTS DIVISION

Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	25.80	26.00	26.00	26.00
Personal Services	912,345.47	894,624	905,352	906,841
Operating Expenses	349,287.92	476,554	348,776	342,427
Equipment	63,006.13	1,759	24,000	24,000
Local Assistance	2,604.93	497,395	0	0
Debt Service	7,020.96	3,924	0	0
Total Program Costs	\$1,334,265.41	\$1,874,256	\$1,278,128	\$1,273,268
General Fund	2,604.93	497,395	0	0
Proprietary Fund	1,331,660.48	1,376,861	1,278,128	1,273,268
Total Funding Costs	\$1,334,265.41	\$1,874,256	\$1,278,128	\$1,273,268
Current Level Services	1,316,660.48	1,874,256	1,278,128	1,273,268
Modified Level Services	17,604.93	0	0	0
Total Service Costs	\$1,334,265.41	\$1,874,256	\$1,278,128	\$1,273,268

Program Description

The Board of Investments manages the state investment portfolio of \$2.5 billion. The Office of Development Finance is responsible for administering the Mortgage Loan Program, the Coal Tax Loan Program, the Pooled and Stand Alone Industrial Revenue Bond Programs, the Montana Cash Anticipation Finance Program, the Intermediate Term Capital Program, and the Montana Capital Company Act, and for designing, implementing, and administering programs that foster economic vitality and diversity or that reduce the financing costs of local governments in Montana.

Budget Issues

The staff level authorized by the legislature for the 1989 biennium was 25.00 FTE but a position was transferred from Management Services for a partial year, creating the 25.80 FTE for FY88 and the 26.00 FTE for both FY89 and the 1991 biennium. This new position is for administration of programs that purchase Montana mortgages, such as the FHA/VA Loan Program and the Conventional Residential Loan Program, that were consolidated through the FY88

merger of the Montana Economic Development Board and the Board of Investments. Personal services costs decrease due to personnel changes and to less compensation requested for the Board of Investments. Vacancy savings is 1.76% based on FY88 experience.

Operating expenses decrease by \$512 from FY88 to FY90 and are budgeted essentially as requested by the division for the 1991 biennium.

Equipment is \$24,000 each year, with \$10,000 for multi-user computers, terminals and printers; \$10,000 for specialized software for analysts and portfolio managers; and \$4,000 for calculators, shelves and other office items.

Language is again recommended for the general appropriations act which states: "The Board of Investments may utilize designated commissions paid on the purchase and sale of securities for products and services customarily provided by brokers for such transactions according to applicable securities industries rules and regulations and Montana statutes. The board will make a report to the Fifty-Second Legislature on the use of the designated commissions."

Neither the FY88 local assistance or the debt service for lease purchase payments on the telephone system and computer equipment continue in the 1991 biennium.

HB275, adopted by the Fiftieth Legislature, appropriated \$500,000 of general fund authority for the 1989 biennium to replace the potential earnings lost to investment funds used to purchase discounted certificates of deposit under the agri-

cultural production Loan Linked Deposit Program. One loan for \$50,000 has been made since the program began July 1, 1987. The program sunsets at the end of the 1989 biennium and the department is not requesting it be continued in the 1991 biennium.

Funding for the 1991 biennium is solely from proprietary fund revenues.

VIDEO GAMING CONTROL BUREAU Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	10.00	10.00	16.00	16.00
Personal Services	180,213.89	196,196	390,769	391,318
Operating Expenses	345,103.98	349,270	625,546	623,402
Equipment	113,740.35	51,781	53,467	24,895
Local Assistance	5,122,335.59	0	7,200,000	7,400,000
Transfers	0.00	6,666,666	0	0
Total Program Costs	\$5,761,393.81	\$7,263,913	\$8,269,782	\$8,439,615
State Special Revenue Fund	5,761,393.81	7,263,913	8,269,782	8,439,615
Total Funding Costs	\$5,761,393.81	\$7,263,913	\$8,269,782	\$8,439,615
Current Level Services	5,761,393.81	7,263,913	7,843,709	8,031,195
Modified Level Services	0.00	0	426,073	408,420
Total Service Costs	\$5,761,393.81	\$7,263,913	\$8,269,782	\$8,439,615

Program Description

The Video Gaming Control Bureau is responsible for the control and regulation of electronic video gambling machines. This represents approximately 7,500 machines in over 2,000 locations. In addition to licensing these machines, the bureau operates a testing facility for inspection and approval of the games. The bureau collects and distributes to the state general fund and nearly 200 local government entities a 15% tax on net machine income. The bureau operates an audit program for tax reporting, assess and collects penalties, files liens etc. The bureau is responsible for the investigations and enforcement of laws and rules pertaining to these devices. Finally the bureau licenses manufacturers and distributors of video gambling machines.

Budget Issues

Although 9.00 FTE were authorized by the 1987 Legislature for this bureau, the workload resulting from the video poker and keno machine license fees and regulations, machine testing and enforcement related to collecting 15% of net machine income was under-projected during the last session. Therefore, a staff position from the Management Services Division was transferred to this bureau for the purpose of developing video gaming audit functions and of performing audits for the bureau. These current-level 10.00 FTE are maintained for the 1991 biennium and recommended modifications below would add 6.00 FTE more. Personal services are budgeted at the FY88 level with a 2% vacancy savings rate based on FY88 experience. The budget modifications would increase personal services by \$150,819 in FY90 and by \$150,904 in FY91.

Operating expenses increase from FY88 to FY90 by 9.6% in the current-level budget plus an additional \$247,237 in the modifications summarized below. The total current-level recommended operating budget is \$378,309 in FY90 and

\$376,886 in FY91 with the largest item being a \$238,348 contract each year with the state Department of Revenue for field investigation and enforcement. There are cost increases for rent, janitorial, telephone and other overhead items as a result of the bureau outgrowing its space and moving off the capitol complex in May 1988. There are further budget adjustments in supplies and travel which respond to underestimation of workload in the 1989 biennium and to projections of increasing workload in the 1991 biennium.

It is recommended that language be included in the general appropriations act to the effect that the Video Gaming Control Bureau may request a budget amendment to incur expenses pursuant to agreements with other states to provide gaming machine testing and training services should such requests materialize. Such an amendment request shall be considered to meet the emergency provisions of 17-7-403, MCA.

Equipment for FY90 is \$25,450 current level and \$28,017 modified level for a total of \$53,467 and equipment for FY91 is \$13,895 current level and \$11,000 modified. Budgeted current-level items include \$12,000 for a truck and tommy lift to load machines into the pickup, \$12,000 each year for computer emulation machine testing equipment maintenance, \$1,450 for a function generator used to test machines and \$1,895 for a line noise generator for testing machines.

Local assistance/transfers are statutorily appropriated in 17-7-502(3), MCA, for the purpose of collecting and forwarding to local units of government the video gaming tax which is paid pursuant to 23-5-610, MCA. These statutory appropriations are shown above in the main table for information and are not included in the general appropriations act. Funding of the bureau operations is solely from state special revenue gambling license fees.

Modification Request

Clerical Support - This modification would add 2.00 FTE clerical support positions to the bureau in response to the workload increase resulting from licensing and renewal of 7,600 machines per year, processing and filing of 30,000 tax statements annually, and quarterly distribution of tax collections to nearly 200 local governmental entities. There is \$2,976 in FY90 for computer and office equipment and the total cost is \$44,200 in FY90 and \$41,100 in FY91, supported solely with state special revenue.

Workload Increase DOR - The Video Gaming Control Bureau is requesting increased spending authority to expand its contract with the Department of Revenue for investigations and enforcement activities. This request is based on the number of requests for increased activity and on the fact that there are 21% more machines than were projected when this contract was budgeted during the last legislative session. The total modification cost is \$78,000 of state special revenue each year.

Legal Counsel - The purpose of this modification is to add 1.00 FTE attorney to the staff of the bureau who will have

knowledge and experience in gambling-related legal issues and be able to provide legal advice on policies and practices, represent the bureau in administrative hearings and court cases, and prepare declaratory judgments, rules and legislation. The total cost is \$39,300 in FY90 and \$37,100 in FY91 from the state special revenue gambling license fee account. A like amount of contract legal costs were removed from the current-level budget above.

Gaming Commission - As a result of the Gaming Advisory Council recommendations, this modification would provide the spending authority for a new Gaming Commission. The recommendation would add 3.00 FTE at the Department of Revenue (not included here), 3.00 FTE at the Video Gaming Control Bureau, five Gaming Commission members and nine Gaming Advisory Council members. Personal services costs for the 3.00 FTE and board compensation would be \$85,109 in FY90 and \$85,153 in FY91. Operating expenses are budgeted at \$56,464 and \$56,067 respectively plus \$100,000 per year spending authority for regulatory and enforcement activities at the Department of Revenue. Equipment is \$23,000 in FY90 and \$11,000 in FY91. The total cost is \$264,573 in FY90 and \$252,220 in FY91.

MONTANA STATE LOTTERY Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	38.24	35.00	35.00	35.00
Personal Services	934,026.38	863,417	909,160	910,620
Operating Expenses	12,575,711.22	4,114,583	12,299,875	13,252,203
Equipment	41,976.33	42,000	11,200	0
Transfers	8,375,894.00	20,080,000	7,059,988	8,432,185
Debt Service	281,129.28	0	259,777	1,992
Total Program Costs	\$22,208,737.21	\$25,100,000	\$20,540,000	\$22,597,000
Proprietary Fund	22,208,737.21	25,100,000	20,540,000	22,597,000
Total Funding Costs	\$22,208,737.21	\$25,100,000	\$20,540,000	\$22,597,000
Current Level Services	22,121,030.09	25,100,000	20,540,000	22,597,000
Modified Level Services	87,707.12	0	0	0
Total Service Costs	\$22,208,737.21	\$25,100,000	\$20,540,000	\$22,597,000

Program Description

The Montana State Lottery is a multi-million dollar revenue-generating business operated by the state. Voters approved the lottery on the 1986 ballot and ticket sales began on June 24, 1987. A five-member commission, appointed by the Governor, sets policy and oversees activities and procedures. The Governor also appoints a lottery director who coordinates the lottery's three divisions: security, operations, and marketing. Each of these divisions has a director. The lottery schedules and operates five to seven instant games annually. Tickets for these games are sold by more than 1,000 licensed retail outlets located throughout the state. The money raised from ticket sales goes toward prizes (45%), commissions for retailers (5%), operating expenses (15%), and the remaining net revenues are transferred to the Office of Public Instruction for distribution as equalization aid to the school districts' retirement funds.

Budget Issues

The administration proposes and the department will submit legislation to repeal the statutory appropriation for lottery administrative expenses. The proposed legislation also will include language authorizing the program administrators to submit a revised operation plan to the budget office for review and approval and to the Legislative Finance Committee for review whenever increases or decreases of staff or authority are necessary to implement the provisions of Title 23, Chapter 5, Part 10, MCA.

During the 1987 session, lottery expenses were statutorily appropriated and appropriated in HB2, in order to clearly delineate for both legislators and the general public the anticipated expenditures and revenues. There will continue to be statutory appropriations for lottery prizes at approximately 45% of gross revenue, commissions to ticket sales agents at 5% of gross sales and for quarterly transfers to the Office of the Superintendent of Public Instruction (OPI). Based upon current revenue projections, transfers to OPI are estimated at \$7,059,988 in FY90 and \$8,432,185 in FY91.

Commissions are projected at \$1,168,750 in FY90 and \$1,285,625 in FY91. Prizes in FY90 are estimated to be \$3,517,470 for high tier plus \$5,739,030 for low tier; the FY91 projections are \$3,869,217 for high tier plus \$6,312,933 for low tier.

Staff will be authorized and administrative expenses of the lottery will be appropriated in the general appropriations act on the basis of 15% of projected gross revenue. Staff for the lottery was 38.24 FTE in FY88 due to full staffing and the use of temporary personnel required during start-up of this new program. For FY89 and for the 1991 biennium, there are 35.00 FTE. Staff compensation is budgeted at current level with 2% vacancy savings and compensation for the board is decreased by \$200 based on the agency request.

Operating expenses are budgeted essentially as requested, with a decrease of 2.2% from FY88 to FY90 in recognition of historical downward trends in instant lottery ticket sales. From FY88 to FY90 there is a \$47,800 increase in promotional aids such as t-shirts, "ask for the sale" competition among retailers, displays and consumer price index increases in the contract for lottery tickets. In the event of declining revenue, promotional aids may be one area where decreases could be made.

Another major item reflected in main table operating expenses is commissions for retailers, which are statutorily appropriated but included here for information, at \$1,169,378 in FY88, \$1,168,750 in FY90 and \$1,285,625 in FY91. Professional advertising, which is budgeted at \$547,630 each year, would be another item for potential reductions in the event of further declines in ticket sales.

Because the lottery revenue estimate used for the 1991 biennium is higher than experiences of other states would indicate to be likely given lottery trends, it is recommended that the general appropriations act include language prohibiting

transfer of excess Lottery authority to other divisions within the Department of Commerce.

Equipment is \$11,200 in FY90 in the following priority order: \$1,000 for four microfiche readers, \$1,200 for a fax machine, \$7,000 for a computer and laser printer to produce camera-ready copy and \$2,000 for software. There is no equipment budgeted in FY91. The request to replace lottery vehicles at a cost of \$50,000 per year is not recommended due to declining revenue and current mileage projections.

The transfers are statutorily appropriated to the OPI for the public school retirement equalization account. The debt service in FY88 through FY90 is a combination of primarily payments to Scientific Games for the Instant Lottery System and of principal and interest payments on the copier. Payments to Scientific Games end in FY90 and the only debt service for FY91 is the copier.

The lottery currently is pursuing through the Request for Proposal (RFP) process the possibility of having on-line lottery games in Montana. The retailers, who would have an on-line terminal connected to a host computer, would generate tickets for players and winning would be determined by a random selection procedure on a daily or weekly basis, depending upon game design. These games would be in addition to ongoing lottery games. Because vendors are reluctant to lose their competitive edge by providing financial figures in advance, there is no specific information available for budgeting purposes on potential FTE, expenses and revenue related to on-line lottery. Such financial data may be presented during the legislative session.

The lottery's request for a 2.00 FTE temporary help budget modification is not necessary because the proposed legislation to include administrative expenses in the general appropriations act is comparable to the Worker's Compensation legislation in that it adds authority to request a revised operation plan, including FTE.

BOARD OF HORSE RACING Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	4.78	4.78	4.78	4.78
Personal Services	103,281.45	113,782	125,315	125,390
Operating Expenses	100,611.67	119,564	115,027	114,871
Equipment	7,257.76	0	2,000	2,000
Total Program Costs	\$211,150.88	\$233,346	\$242,342	\$242,261
State Special Revenue Fund	211,150.88	233,346	242,342	242,261
Total Funding Costs	\$211,150.88	\$233,346	\$242,342	\$242,261
Current Level Services	211,150.88	233,346	236,542	236,461
Modified Level Services	0.00	0	5,800	5,800
Total Service Costs	\$211,150.88	\$233,346	\$242,342	\$242,261

Program Description

The Board of Horse Racing is responsible for adopting rules to govern horserace meets and the parimutuel system in Montana. The rules adopted govern the licensing of all racing personnel, the establishment of dates for race meets, veterinary practices and standards in connection with race meets, auditing, supervision, and investigations related to parimutuel racing in Montana.

Budget Issues

FTE are maintained at current level for the 1991 biennium, but personal services costs increase due to staff turnover in FY88. A 2% vacancy savings rate is used.

Operating costs for current level increase by \$8,615 from FY88 to FY90 as a result of increases for audit fees, printing for licenses and lists of licensees, postage, rent and

maintenance contracts. There also is \$5,800 in operating expenses for a modification outlined below.

Equipment is \$2,000 each year for adding machines and typewriters to be used at racing tracks.

State special revenue is a 1% tax on gross horse racing betting receipts.

It is recommended that the language included in HB2 be repeated in the 1991 biennium general appropriations act: The Board of Horse Racing may request a budget amendment for the cost of implementing harness racing in Montana. Such request shall be considered to meet the emergency provisions of 17-7-403, MCA.

In addition, due to the possibility of the regulation of horse racing on Indian reservations as a result of pending federal

legislation, it is recommended that the general appropriations act include the following language: The Board of Horse Racing may request a budget amendment to implement the mandated federal requirements of regulation on Indian reservations. Such request shall be considered to meet the emergency provisions of 17-7-403, MCA.

Modification Request

Training For Officials - The purpose of this modification is to enable the board to provide a training course for new officials through the Vo-Techs. The total costs are budgeted at \$7,200 per year, with \$1,400 income from tuition fees and the net operating expenses to be \$5,800 each year. Program support is to be 100% state special revenue.

DIRECTOR/MANAGEMENT SERVICES Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	22.74	22.04	22.34	22.34
Personal Services	654,153.32	704,575	660,512	661,914
Operating Expenses	160,438.41	188,172	220,778	143,162
Equipment	9,167.39	3,142	12,250	1,000
Total Program Costs	\$823,759.12	\$895,889	\$893,540	\$806,076
General Fund	90,471.60	88,690	94,853	91,418
Proprietary Fund	733,287.52	807,199	798,687	714,658
Total Funding Costs	\$823,759.12	\$895,889	\$893,540	\$806,076
Current Level Services	823,759.12	895,889	893,540	806,076
Total Service Costs	\$823,759.12	\$895,889	\$893,540	\$806,076

Program Description

Director's Office - The Director's Office provides the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, and the Governor's office in the effort to improve and stabilize the economic climate in Montana.

Management Services Division - The Management Services Division provides internal support to all agency programs. The services provided include: budgeting, accounting, purchasing, contracting, personnel administration, payroll, training, and the analysis, development, maintenance, and supervision of department data processing systems and hardware.

Legal and Consumer Affairs Bureau - The Chief Legal counsel provides legal counsel to the department director and legal assistance to the consumer affairs function and programs within the department on request.

The Consumer Affairs staff provide enforcement of the consumer protection laws and Unfair Practices Act. In addition, program staff establish minimum criteria for the licensing of proprietary post-secondary schools.

County Printing Board - The County Printing Board is responsible for setting maximum prices which may be charged for county printing and legal advertising.

Budget Issues

The staff level is reduced from 22.74 FTE to 22.34 FTE based on the agency's request which transferred 0.50 FTE to the Office of Research and Information Services. Personal services are budgeted at current level with 2% vacancy savings.

Operating expenses are primarily budgeted at current level with inflation. The most significant cost increase is \$37,536 more for the legislative audit and there are other adjustments in on line edit and entry, rent and maintenance contracts. Legal services expenses increase to allow for purchase of "Pacific Reporter" at \$1,000, a national legal research data base subscription at \$5,000 per year and ongoing long-distance telephone use for data research budgeted at \$1,000.

Equipment of \$12,250 in FY90 is \$10,000 for two management services computers and \$2,250 for 30 conference room chairs. There is \$1,000 for two printers in FY91.

General fund increases by \$4,381 from FY88 to FY90 and decreases in FY91. Proprietary funds are the administrative charges on personal services to all programs of the department, which are assessed at 7.9% for the 1991 biennium, the same rate as FY88. Proprietary funds increase by \$65,399 or 8.9% from FY88 to FY90.

The department has submitted draft legislation to increase state per diem rates for travel to Japan and Taiwan but no additional funds are being requested.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	623.15	622.30	599.30	598.55
Personal Services	13,865,144.32	15,309,548	14,942,607	14,960,740
Operating Expenses	6,229,082.80	6,825,618	7,117,519	7,100,203
Equipment	555,592.33	241,454	505,643	413,819
Capital Outlay	315,533.03	135,540	22,000	0
Grants	9,032,992.88	11,186,697	11,635,846	13,959,557
Total Agency Costs	\$29,998,345.36	\$33,698,857	\$34,223,615	\$36,434,319
General Fund	1,854,810.76	2,341,632	1,071,667	1,404,080
State Special Revenue Fund	176,063.54	295,208	306,191	305,937
Federal & Other Spec Rev Fund	25,600,636.80	28,521,268	32,842,257	34,720,802
Proprietary Fund	2,366,834.26	2,540,749	3,500	3,500
Total Funding Costs	\$29,998,345.36	\$33,698,857	\$34,223,615	\$36,434,319
Current Level Services	29,633,074.86	32,815,540	31,978,687	31,814,227
Modified Level Services	365,270.50	883,317	2,244,928	4,620,092
Total Service Costs	\$29,998,345.36	\$33,698,857	\$34,223,615	\$36,434,319

Agency Description

The Department of Labor and Industry provides employment and training assistance; enforces state and federal labor laws and health-safety laws; works to eliminate discriminatory employment practices, and administers state collective bargaining, workers' compensation, unemployment insurance, Job Training Partnership Act and Project Work programs. The department consists of the office of the Commissioner; the Job Service Division; the Employment Relations Division; the Unemployment Insurance Division; the Employment Policy Division; and the Centralized Services Division. The Human Rights Division is also attached to the department for administrative purposes.

Budget Issues

The Department of Labor and Industry proposes to ask the legislature for approximately \$1.88 million annually from the Administrative Tax fund. This tax raised over \$2.3 million in FY87. With the proposed legislation, the department would shift general fund funding in the Employment Relations Program, the Employment Policy Program, and the Human Rights Division to federal and private revenue using the Administration Fund Tax revenues. Over time, this would trigger a higher tax schedule, if all the other factors remained constant. (Private employers pay .1% of taxable wages up to \$12,600 for each covered employee. Government and non-profit employers pay .05% of total wages paid to each employee.)

JOB SERVICE DIVISION
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	331.45	329.35	309.60	307.85
Personal Services	7,377,759.32	8,095,855	7,681,325	7,660,326
Operating Expenses	2,767,166.88	2,768,394	2,913,589	2,876,753
Equipment	294,534.00	156,824	158,065	103,764
Capital Outlay	315,533.03	135,540	22,000	0
Grants	137,777.99	147,349	0	0
Total Program Costs	\$10,892,771.22	\$11,303,962	\$10,774,979	\$10,640,843
State Special Revenue Fund	58,121.76	61,407	84,649	84,637
Federal & Other Spec Rev Fund	10,834,649.46	11,242,555	10,690,330	10,556,206
Total Funding Costs	\$10,892,771.22	\$11,303,962	\$10,774,979	\$10,640,843
Current Level Services	10,713,688.32	11,108,045	10,774,979	10,640,843
Modified Level Services	179,082.90	195,917	0	0
Total Service Costs	\$10,892,771.22	\$11,303,962	\$10,774,979	\$10,640,843

Program Description

The Job Service Division provides a wide range of federally funded Employment and Training Programs. Listed below are the major programs and a short explanation of each:

Employment Services (Labor Exchange)-The Employment Service was established by the Wagner-Peyser Act of 1937 and Section 39-51-307, MCA. The basic purpose of the employment service system is to improve the functioning of the state labor market by bringing together job seekers who are looking for employment and employers that have job openings and facilitating the match between job seekers and employers. Employment service also includes a system for clearing labor between state and local labor markets to provide information on potential employment opportunities. In addition the employment service activities meet the work test requirement of the state Unemployment Compensation System. These services are offered statewide through 24 Local Job Service Offices. In addition to the required activities listed below each local office provides counseling, testing, labor market information as needed to individual clients.

Unemployment Compensation- Local offices take initial claims for the Unemployment Insurance (UI) program from individuals who are out of work through no fault of their own. Each UI claimant is registered for work and referred to jobs for which the individual is qualified. Exceptions to this are claimants who are job attached and will be returning to work or who are registered for placement with a Union Hall. To receive UI benefits a claimant must meet the UI work test, that is be able, available and seeking work. In addition all services at the local offices are available to UI claimants.

Job Training Partnership Act (JTPA)-Local Job Service Offices operate programs funded under the Job Training Partnership Act. The purpose of JTPA is to establish programs to prepare youth and unskilled adults for entering into the labor force. The act provides job training to economically disadvantaged individuals and others facing serious barriers to employment with the ultimate goal of placing these individuals in jobs at a livable wage. Services provided include; job search assistance, job counseling, basic skills training, On the Job Training (OJT) and Job Development.

Work Incentive Program (WIN)-The Work Incentive (WIN) program is a joint state and federal program specifically

designed and directed to assist the transition of person receiving Aid to Families with Dependent Children (AFDC) from welfare to work.

Rehabilitation Panels-The Job Service Local Offices are also participating on Workers' Compensation Rehabilitation Panels. These panels will meet with injured workers for the purpose of advising the Workers' Compensation Division of the workers' eligibility for rehabilitation services. These panels are being implemented as a result of the passage of SB315 by the 50th Legislature.

Budget Issues

The Job Service Division was authorized 340.00 FTE in FY88 and in FY89. During FY88, 1.75 FTE were added through the budget amendment process for the FY88 and 10.30 FTE were transferred out of the division. 7.80 FTE were transferred to Employment and Training - Food Stamp to consolidate all Food Stamp funding received from the Federal Department of Agriculture into one program. 2.50 FTE were transferred to the Employment Policy Division, 1.00 FTE to provide administrative support to the Private Industry Council and 1.50 FTE to help update division monitoring and the Aid to Families with Dependent Children. During FY89, .65 FTE was added through the budget amendment process; 1.00 FTE was transferred to the Employment Policy Division to oversee and supervise statewide Job Training Programs operated by the Job Training Coordinating Council (JTCC). These position transfers will continue into the 1990-91 biennium. 5.10 FTE in FY90 and 6.85 FTE in FY91 will be reduced from the Work Incentive Program (WIN). WIN is scheduled to be replaced at the end of Federal FY90 by a new Welfare Reform Program. In addition, it is the recommendation by the executive that 14.00 FTE vacant positions be reduced from Job Service for the 1990-91 biennium. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$146,422 from FY88 expenses. This increase is accounted for by an increase in the agency indirect cost and an increase in the Statewide Cost Allocation Plan. Operating expenses related to the reduced WIN FTE have been reduced from the base budget.

Recommended equipment includes replacing vehicles with high mileage; two vehicles each year of the biennium, \$26,000 per year. Office equipment to replace worn out

office equipment at 24 Job Service locations statewide, FY90 - \$37,557 and FY91 \$37,764. Replace worn out duplicating equipment for eight Job Service locations, \$40,000 per year. Purchase two personal computers to automate payment unit functions, FY90 - \$8,308. Purchase a Harris/3M Fax Machine system to automate statewide clearance system of job orders, increase speed in interoffice communications and to use in unemployment insurance fact finding FY90 - \$46,200.

Projects recommended in the capital outlay in FY90 are, Havre Job Service - \$4,500, Kalispell Job Service - \$4,000, Shelby Job Service - \$9,500, Glendive Job Service - \$2,500, and Miles City Job Service - \$1,500. These projects entail parking lot and roof repairs, electrical, plumbing, and heating updates, and ceiling, lighting, and window replacements.

It is recommended that language be continued in the appropriation bill as it has been written in the past. The statement should be: Job Service budget includes federal spending authority for current level operations of all existing job service offices. If federal funds are less than these amounts, the Department may supplement federal funds with state unemployment assessments as provided in section 39-51-404(4), MCA.

Funding for this program is from state special revenue and federal revenue funds. State special revenue from the Work-

ers' Compensation Division supports the workers' compensation panels. Federal funds are from Employment Training Council Grants, Labor and Industry Federal funding, and Unemployment Insurance Administration Tax/Penalty and Interest.

The Department of Labor and Industry has made an agreement with the Department of Military Affairs to provide adequate office space for three Veterans' Affairs Offices in Job Service Buildings for the 1990-91 biennium. The offices are located in Bozeman, Kalispell, and Missoula. Previously, these Veterans' Affairs Offices were located in Army National Guard Armories in each of the three cities. Due to a reorganization of the Army National Guard, there is no longer any space available for the Veterans' Affairs Offices. It is the executive recommendation that the following language be included in the main appropriation bill, "The Department of Labor and Industry will provide the Department of Military Affairs adequate office space for three Veterans' Affairs Offices in Job Service Buildings located in Bozeman, Kalispell, and Missoula for the 1990-91 biennium."

Job placement services are available without charge at local job service offices throughout Montana. Table #1 reflects the specific activity and workload in the local job service offices.

Department of Labor and Industry Table 1
Job Service Workload Statistics

	FY84 Actual	FY85 Actual	FY86 Actual	FY87 Actual	FY88 Actual	FY89 Projected
Expenses	\$5,187,961	\$5,385,137	\$5,573,935	\$5,584,905	\$5,426,436	\$5,352,212
Placement Transactions	51,392	53,187	53,421	48,353	45,552	47,000
Cost Per Trans	\$101	\$101	\$104	\$115	\$119	\$114
Files Active	128,258	123,291	143,023	137,469	122,899	130,000
Job Openings Received	60,213	65,192	66,580	61,210	67,301	65,000
Tests Given	11,971	17,893	21,735	31,849	25,670	27,000
Employer Visits	16,667	18,822	21,841	25,006	18,031	20,000
Registered New/Renew	102,866	105,096	121,112	107,509	97,445	104,000

UNEMPLOYMENT INSURANCE Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	88.90	88.90	84.90	84.90
Personal Services	1,719,586.12	1,956,503	1,906,394	1,911,327
Operating Expenses	1,219,298.01	1,475,434	1,299,126	1,277,119
Equipment	100,552.79	54,930	65,000	45,000
Total Program Costs	\$3,039,436.92	\$3,486,867	\$3,270,520	\$3,233,446
Federal & Other Spec Rev Fund	3,039,436.92	3,486,867	3,270,520	3,233,446
Total Funding Costs	\$3,039,436.92	\$3,486,867	\$3,270,520	\$3,233,446
Current Level Services	3,039,436.92	3,486,867	3,270,520	3,233,446
Total Service Costs	\$3,039,436.92	\$3,486,867	\$3,270,520	\$3,233,446

Program Description

The Unemployment Insurance Program is provided for in Section 39-51-307, MCA, and in Section 903 of the Social

Security Act. Program staff collect unemployment taxes and provide unemployment insurance benefits to unemployed persons in accordance with state and federal laws.

Budget Issues

It is recommended that 4.00 FTE vacant positions be reduced from Unemployment Insurance for the 1990-91 biennium. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$79,828 from FY88 expenses. Contracted Services reflects an increase of \$18,027. Computer development with Unemployment Insurance programs is expected to increase with the availability of programmers hired in Centralized Services during the 1988-89 biennium. Agency indirect costs and an increase in the Statewide Cost Allocation Plan account for the majority of the balance of the increase in operating expenses.

Recommended equipment includes replacing 10 IBM terminals each year of the biennium with personal computers, \$40,000 each year of the 1990-91 biennium. Additional equipment will be purchased in FY90 for data entry functions which are being transferred to Unemployment Insurance from Centralized Services, \$20,000 in FY90. Software upgrades for spreadsheets, project management and word processing for the 10 IBM terminals will also be purchased, \$5,000 each year.

This program is funded by federal funds.

The historical and projected expenditures from the trust fund and ending fund balances are shown in table #2 below. As shown the trust fund balance, without loans, will be approximately \$62.5 million at the end of the 1990-91 biennium.

Department of Labor and Industry Table 2
Unemployment Trust Fund

Beginning Year	Balance	Schedule	Rate	Collections	Benefits	Loan Reduct.**	Ending (Repaid)	Balance
1983	\$8,171,221	10	3.1	\$77,752,907	\$89,598,923		\$8,556,388	\$4,881,593
1984	4,881,593	10	3.1	72,288,385	72,110,517			5,059,461
1985	5,059,461	10	3.3	78,110,403	63,013,129		(8,556,388)	11,600,347
1986	11,600,347	10	3.3	74,566,971	58,145,102			28,022,216
1987	28,022,216	7	2.7	64,909,029	49,254,056			43,677,189
1988	43,677,189	6	2.5	46,959,531	34,196,364			56,440,356
1989*	56,440,356	5	2.3	46,690,000	43,000,000	1,651,000		58,479,356
1990*	58,479,356	5	2.3	46,690,000	43,000,000	1,651,000		60,518,356
1991*	60,518,356	5	2.3	46,690,000	43,000,000	1,651,000		62,557,356

* Estimates

** Reduction of Trust Fund Balance with the use of the Administration Tax

COMMISSIONER/CENTRALIZED SERV Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	70.00	70.00	68.00	68.00
Personal Services	1,567,121.59	1,838,546	1,786,989	1,790,887
Operating Expenses	729,879.50	686,503	809,437	789,152
Equipment	69,833.17	12,200	43,939	41,650
Total Program Costs	\$2,366,834.26	\$2,537,249	\$2,640,365	\$2,621,689
Federal & Other Spec Rev Fund	0.00	0	2,640,365	2,621,689
Proprietary Fund	2,366,834.26	2,537,249	0	0
Total Funding Costs	\$2,366,834.26	\$2,537,249	\$2,640,365	\$2,621,689
Current Level Services	2,366,834.26	2,537,249	2,640,365	2,621,689
Total Service Costs	\$2,366,834.26	\$2,537,249	\$2,640,365	\$2,621,689

Program Description

Commissioner's Office - The staff of the Commissioner's Office are responsible for the overall administration of the Department of Labor and Industry. This includes assuring that departmental objectives are met by providing program direction, managing human and financial resources, and representing the department on legislative matters.

Centralized Services Division - The Centralized Services staff provide accounting, budgeting, data processing, person-

nel, and general services for the various functions of the Department of Labor and Industry.

Budget Issues

An internal reorganization during FY88 merged Program 09, Commissioner with Program 03, Centralized Services. Previously, the Commissioner's Office had been in Agency Code 6601 and Centralized Services in Agency Code 6602. Both programs are now accounted for in the same Agency Code 6602, making it easier to account for the indirect

funding for these programs under one program, Commissioner/Centralized Services.

The Department of Labor and Industry is predominantly federally funded. The Department has requested that the Commissioner/Centralized Services be appropriated out of the federal special revenue fund instead of the proprietary fund. During the last biennium, funding was switched from federal special revenue to proprietary as a result of an audit recommendation. It is now felt that a switch back to the federal special revenue fund will impose no problem and that accounting in this manner will still be in accordance with Generally Accepted Accounting Principles (GAAP). There should be no impact to the State's Statewide Financial Statements with this change.

The executive recommends that 2.00 FTE vacant positions be reduced from Commissioner/Centralized Services for the 1990-91 biennium. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$79,557 from FY88 expenses. Contracted Services increases \$34,394. Insurance and bonds

through the Department of Administration (D of A) increase and there is an increase with computer services through D of A. These services include linkage necessary to perform on-line entry and edit for the Statewide Budget and Accounting System and subscription fees for technical support for personal computers. Rent increases \$14,093 with the majority of this increase due to an increase on building rent. Repair and Maintenance increases \$14,559. Maintenance contracts for computer equipment account for this increase. Other Expenses increase \$15,185. Agency indirect costs and the Statewide Cost Allocation Plan account for this increase.

Equipment recommendations include office equipment, FY90 - \$5,939 and FY91 - \$3,650. Programmer dumb terminals will be replaced by micro terminals to implement computer aided software engineering technology. Five workstations will be replaced each year, \$20,000 per year. Software upgrades to enhance programmer workbench software and computer aided software engineering tool kits - \$18,000 each year.

EMPLOYMENT RELATIONS Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	53.50	53.50	54.50	54.50
Personal Services	1,290,006.77	1,464,052	1,488,157	1,489,923
Operating Expenses	459,970.30	477,276	558,404	553,661
Equipment	29,587.80	0	41,759	25,600
Total Program Costs	\$1,779,564.87	\$1,941,328	\$2,088,320	\$2,069,184
General Fund	601,881.03	622,676	0	0
State Special Revenue Fund	117,941.78	233,801	221,542	221,300
Federal & Other Spec Rev Fund	1,059,742.06	1,081,351	1,863,278	1,844,384
Proprietary Fund	0.00	3,500	3,500	3,500
Total Funding Costs	\$1,779,564.87	\$1,941,328	\$2,088,320	\$2,069,184
Current Level Services	1,779,564.87	1,941,328	2,054,808	2,035,692
Modified Level Services	0.00	0	33,512	33,492
Total Service Costs	\$1,779,564.87	\$1,941,328	\$2,088,320	\$2,069,184

Program Description

The Employment Relations Division includes the five-member Board of Personnel Appeals; the three-member Board of Labor Appeals; three bureaus audit, appeals and investigations; and the Workers' Compensation Mediation Work Unit.

The Board of Personnel Appeals is provided for in Section 2-15-1705, MCA. This Board through the Appeals Bureau administers Montana's Collective Bargaining Act. It also hears classification appeals for state government employees and hears grievances for employees in the Departments of Highways and Fish, Wildlife and Parks. The Board of Labor Appeals is provided for in Section 2-15-1704, MCA. This Board through the Appeals Bureau hears appeals concerning the administration of Montana's unemployment insurance laws.

The Audit Bureau performs auditing and other special services for the Department of Labor and Industry. The audits confirm the accuracy of premiums (workers' compensation fund) or contributions (unemployment insurance fund) paid

to the respective funds based on employment earnings reportable to them. The special services include but are not limited to new firm contracts, registration of new employers, answering inquiries from employers via local job service offices and collection of delinquent reports and taxes.

The Appeals Bureau provides mediation, fact finding and arbitration services and conducts administrative hearings on the Wage Payment Act, collective bargaining matters, classification appeals, employee grievances, unemployment insurance benefits, tax appeals and on independent contractor issues for the Workers' Compensation Division. It also conducts representation elections and investigates collective bargaining petitions and employee grievances.

The Investigations Bureau administers and enforces state laws on wages, hours, working conditions, child labor, contractors' bonds and restaurant and tavern bonds.

The Workers' Compensation Mediation Unit provides a forum for the early resolution of workers' compensation disputes. It conducts mediation conferences in which the parties are encouraged to settle their differences thereby pre-

venting actions from being filed in Workers' Compensation Court.

Budget Issues

There has been no change in the authorized FTE between the current biennium and the 1990-91 biennium. There is an increase in personal services of \$170,068. This is due to vacant positions and the time lag in hiring the 6.00 FTE acquired through SB315, a bill that adopts rules to efficiently and fairly implement the Workers' Compensation Act. A 2% vacancy savings rate has been applied to this program.

Operating expenses increase \$93,004 from FY88 expenses. Contracted Services increase \$20,588. Annual filing fees to the Secretary of State will increase with the update of the federal government update of the Wage and Hour Rules required by statute. Subscription fees for technical support for personal computers through the Department of Administration increase. Publication of Appeals and Investigations procedures, Wage and Hour booklets, and printing case decisions concerning Personnel Appeals reflect an increase from FY88. Supplies and Materials, Communications, and Travel all show increases - \$24,678. These costs are associated with the workers' compensation mediators. Rent increases \$3,000 and utilities \$360 due to the Audit Bureau requiring new office space in Kalispell for a field representative because Job Service free co-location was lost. Repair and Maintenance costs increase \$10,471 due to maintenance contracts on computer equipment. Other Expenses increase \$33,906. Agency indirect costs and the Statewide Cost Allocation Plan account for this increase.

Recommended equipment includes office equipment for the Workers Compensation Mediation Unit, \$11,859 in FY90. New personal computers for the Mediation Unit plus replacement of used computers for the Audit Bureau field systems, \$23,100 each year of the 1990-91 biennium. Software upgrade for existing programs and new software for the Audit Bureau field staff and software to internalize Appeals and Investigations publications layout costs will be purchased, \$6,800 in FY90 and \$2,500 in FY91.

The general fund has been replaced with Unemployment Insurance Administrative Tax/Penalty and Interest funds. Funding for this program is from state special revenue, Workers' Compensation Division for the mediators and federal revenue funds.

Modification Request

Prevailing Wage - The State Attorney General released an opinion that related to prevailing wage-rate provisions and that such provisions must be expanded to include all service contracts as well as construction contracts. Concerning the prevailing wage rate provisions and the enforcement of these provisions, the Department of Labor and Industry requests 1.00 FTE, an Enforcement Officer. The cost of this modification is \$30,512 in FY90 and \$30,492 in FY91. Funding will be from the federal revenue fund.

Citizen Board - This would create a citizen board review to review all hearing examiner decisions relating to prevailing wage and wage payment acts. It is recommended that the five member Board of Personnel Appeals be designated the Board to review these decisions. The cost of this modification is \$3,000 each year of the 1990-91 biennium and is funded from federal revenue funds.

EMPLOYMENT POLICY DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	43.50	44.50	45.00	46.00
Personal Services	1,150,791.90	1,114,350	1,232,787	1,260,240
Operating Expenses	750,086.17	1,056,725	1,153,740	1,239,594
Equipment	60,017.38	15,000	182,155	197,805
Total Program Costs	\$1,960,895.45	\$2,186,075	\$2,568,682	\$2,697,639
General Fund	19,566.99	0	0	0
Federal & Other Spec Rev Fund	1,941,328.46	2,186,075	2,568,682	2,697,639
Total Funding Costs	\$1,960,895.45	\$2,186,075	\$2,568,682	\$2,697,639
Current Level Services	1,960,895.45	2,186,075	2,548,183	2,657,467
Modified Level Services	0.00	0	20,499	40,172
Total Service Costs	\$1,960,895.45	\$2,186,075	\$2,568,682	\$2,697,639

Program Description

The Employment Policy Division (EPD) provides planning and administrative functions for employment and training activities in the Department of Labor and Industry. The division is organized into the Research and Analysis (R&A) and Apprenticeship and Training (A&T) Bureaus.

The Research and Analysis Bureau develops data and statistics, conducts surveys and studies, charts and forecasts trends, and publishes information regarding the characteristics of employment in Montana. The Bureau is primarily funded by performance contracts with other agencies, e.g.,

Unemployment Insurance Division, Job Training Partnership Act (JTPA), Bureau of Labor Statistics (U.S. Dept. of Labor), etc.

The Apprenticeship and Training Bureau administers several employment and training programs, including Apprenticeship (Section 39-6-101, MCA), Startup (Build Montana), Displaced Homemakers (Section 39-7-601, MCA), the Project Work Program (PWP), and JTPA (Job Training Partnership Act Public Law 99-209). JTPA provides training opportunities for economically disadvantaged people and those with barriers to employment, including unskilled adults, veterans, youth and dislocated workers

(including farmworkers). The Bureau also functions as the administrative entity and serves as staff for the State Joint Training Coordinating Council (JTCC), and both Service Delivery Areas (SDA's): the Balance of State's (BOS) Joint Council and the Concentrated Employment Program's (CEP) Council of Commissioners and Private Industry Council (PIC).

Budget Issues

During FY88, 2.50 FTE were transferred from the Job Service Division, 1.00 FTE to provide administrative support to the Private Industry Council and 1.50 FTE to help update division monitoring and the Aid to Families with Dependent Children Program. During FY89, 1.00 FTE was transferred from the Job Service Division to oversee and supervise statewide Job Training Programs operated by the Job Training Coordinating Council (JTCC). A 2% vacancy savings rate has been applied against this program.

Operating expenses increase \$397,336 from FY88 expenses. Contracted Services make up the majority of this increase, \$280,227. Consulting services will be used to train Balance of State (BOS) Council members in emerging policy initiatives, to train Job Training Partnership Act (JTPA) staff, council members, and program operators on recent developments in federal legislation, including six days of consulting on welfare reform implementation, and to sponsor Governor's conferences on subjects related to women and employment. A model project will be conducted during the 1990-91 biennium to assess the effectiveness of long-term classroom training for achieving permanent, high paying job placements for Aid for Families with Dependent Children/General Assistance recipients and other JTPA participants. A Model program on Adult and Youth Literacy to be implemented during FY90 and expanded in FY91 as well as some other training is recommended.

Supplies and Materials increase \$515,636. Data processing supplies account for the biggest share of this increase and includes software upgrades and new software programs. Communications increase \$14,197. An increased use of telephone lines for a network of personal computers accounts for this increase. Rent increases \$6,897 as a result of the various councils meeting, equipment rental for the Billings Office, and the rent for the non-state-owned space in Billings. Repair and Maintenance costs increase \$6,841 due to maintenance contracts on computer equipment. Other Expenses increase \$74,310 with agency indirect costs and the Statewide Cost Allocation Plan comprising this increase.

Recommended equipment includes the purchase of one multi-user computer per year as part of the Management Information System (MIS) upgrade, \$8,000 per year. Office equipment will be purchased each year, \$2,100 in FY90 and \$4,200 in FY91. Personal computers will be purchased for the Billings and Helena offices, \$154,205 in FY90 and \$165,205 in FY91. Software for word processing, spreadsheet, data base, and networking will be purchased during the biennium, \$17,850 in FY90 and \$20,400 in FY91.

This program is funded with federal funds.

Modification Request

Prevailing Wage - The State Attorney General released an opinion that related to prevailing wage-rate provisions and that such provisions must be expanded to include all service contracts as well as construction contracts. Concerning the increased workload, the Department of Labor requests .50 FTE in FY90 and 1.50 FTE in FY91 to meet these provisions. Associated costs are \$20,499 in FY90 and \$40,172 in FY91 and funded with federal revenue funds.

HUMAN RIGHTS DIVISION Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	10.50	10.75	9.00	9.00
Personal Services	256,073.52	290,736	242,134	242,375
Operating Expenses	92,078.73	123,230	122,111	93,668
Equipment	955.00	2,500	11,225	0
Total Program Costs	\$349,107.25	\$416,466	\$375,470	\$336,043
General Fund	216,041.99	213,377	0	0
Federal & Other Spec Rev Fund	133,065.26	203,089	375,470	336,043
Total Funding Costs	\$349,107.25	\$416,466	\$375,470	\$336,043
Current Level Services	349,107.25	309,377	343,049	331,043
Modified Level Services	0.00	107,089	32,421	5,000
Total Service Costs	\$349,107.25	\$416,466	\$375,470	\$336,043

Program Description

The Human Rights Commission (HRC) is provided for in Section 2-15-1706, MCA, and is allocated to the Department of Labor and Industry for administrative purposes. The HRC is charged with enforcing the Montana Human Rights Act (Title 49, chapter 2, MCA) and the Governmental Code of Fair Practices (Title 49, chapter 3, MCA). These laws prohibit discrimination on the basis of race, creed, religion, color, national origin, age, handicap, marital status,

sex and political belief in the areas of employment, public accommodations, housing, financial and credit transactions, insurance, education and government services. The HRC is a neutral, quasi-judicial board. Its staff, the Human Rights Division, conducts impartial investigations and attempts to resolve complaints through mediation and conciliation. If complaints cannot be resolved by the staff, contested hearings are conducted by the Commission, usually utilizing a staff hearing examiner. The HRC also has responsibility for educational programs designed to eliminate discrimination.

Of the complaints filed, approximately 30% allege violations of only state law, while 70% allege violations of both federal and state law. In order to eliminate duplication of enforcement, the HRC has worksharing agreements with two federal enforcement agencies, the Equal Employment Opportunity Commission (EEOC) and the Department of Housing and Urban Development (HUD). These federal agencies reimburse the commission a portion of the costs of processing cases which fall under both state and federal law.

Budget Issues

During FY88 1.50 FTE were added to the authorized 9.00 FTE through budget amendments to the Human Rights Division Program. During FY89 1.00 FTE was added to the authorized 9.00 FTE through budget amendments. A 2% vacancy savings rate has been applied to this program.

Operating expenses decrease \$2,389 from FY88. This is due to a reduction in the FY90 current level of operating expenses included in a FY88 budget amendment for Fair Housing.

Equipment recommended are seven computer terminals, two printers and associated controller cards and memory to complete automation of the agency case tracking system, \$11,225 in FY90.

Funding for this program has been shifted from the general fund to the Administrative Tax Fund.

Table #3 shows the number of cases received and closed since FY86 and the projected numbers for FY89 and the 1990-91 biennium.

Department of Labor and Industry Table 3
Human Rights Commission
Case Load Summaries and Projections

Fiscal				Pro-	Pro-	Pro-
Year	1986	1987	1988	jected 1989	jected 1990	jected 1991
Inquiries	1514	1459	1515	1500	1500	1500
Cases Filed	286	308	294	300	300	300
Cases Closed	298	345	283	280	280	280
Cases Open	299	264	275	295	315	335
6 Month Working Inventory	147	154	147	150	150	150
Average Cases 6 Months	152	110	128	145	165	185
Authorized FTE*	10.5	10.5	9	9	9	9
Filled FTE*	10	9	9	9	9	9
Cases Closed Per FTE Filled*	31	38	33	31.1	31.1	31.1

*Does not include FTEs associated with Fair Housing Project

Modification Request

Fair Housing Grant - The Human Rights Division requests authority for the remaining balance of a Fair Housing Grant received in September of 1988 from Housing and Urban Development. This grant will allow the program to expand its capability for assisting individuals with complaints of housing discrimination by working with local community based organizations throughout the state, and will cost \$27,421 in FY90. Funding will be federal revenue funds.

Human Rights Outreach - This modification requests an outreach program to aid Montana employers, landlords, businesses and others regarding their rights and responsibilities under the Montana Human Rights Act, Title 49, Chapter 2, and the Governmental Code of Fair Practices, Title 49, Chapter 3. this will cost \$5,000 in both FY90 and FY91. Funds are from the federal revenue fund.

**JOB TRAINING PARTNERSHIP ACT
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	3.00	3.00
Personal Services	0.00	0	76,674	76,811
Operating Expenses	0.00	0	56,007	67,147
Equipment	0.00	0	3,500	0
Grants	8,037,014.60	10,117,516	10,179,975	12,503,569
Total Program Costs	\$8,037,014.60	\$10,117,516	\$10,316,156	\$12,647,527
General Fund	236,314.55	402,946	332,991	665,404
Federal & Other Spec Rev Fund	7,800,700.05	9,714,570	9,983,165	11,982,123
Total Funding Costs	\$8,037,014.60	\$10,117,516	\$10,316,156	\$12,647,527
Current Level Services	7,850,827.00	9,537,205	8,157,660	8,106,099
Modified Level Services	186,187.60	580,311	2,158,496	4,541,428
Total Service Costs	\$8,037,014.60	\$10,117,516	\$10,316,156	\$12,647,527

Program Description

The purpose of this program is to handle grants that are administered by the Employment Policy Division. The major funding for this program is the Job Training Partnership Act (JTPA). These federal funds are passed through to state agencies and private non-profit organizations that provide training programs with these funds. Also the Displaced Homemaker Program, New Horizons, Initial Child Care Assistance to former Aid to Families with Dependent Children (AFDC) clients, Dislocated Worker and Pre-employment training programs are managed through this program.

Budget Issues

The budget for this program is recommended at the anticipated federal funding level of Job Training Partnership Act (JTPA) for the 1990-91 biennium.

A reduction in general fund for the Displaced Homemakers Program of \$69,437 and for the New Horizons Program of \$8,680 reflects actual fees collected in FY88 from dissolution of marriages. General fund provides training for the state Displaced Homemakers Program, \$147,323 in both FY90 and FY91, daycare for the New Horizons Program,

\$18,415 in both FY90 and FY91, and assistance to Aid for Families with Dependent Children (AFDC) recipients and incentives to Displaced Homemaker Operators, \$110,000 in both FY90 and FY91. Funding for the rest of the program is from federal funds.

Modification Request

AFDC Model Project - The Department of Labor proposes to develop an AFDC model project in preparation for the Congressional Welfare Reform Package. The purpose of this program is to reduce dependency upon public assistance and increase economic self sufficiency of recipients of AFDC. Funding for this model will be general fund and federal revenue funds. General fund of \$57,253 in FY90 and \$389,666 in FY91 will be used to match federal revenue funds of \$1,187,243 in FY90 and \$2,255,762 in FY91, and 3.00 FTE are also requested.

Increased Federal Funds-JTPA - This is a request for increased federal funding authority for the JTPA Program of \$914,000 in FY90 and \$1,896,000 in FY91. JTPA experienced a 7.5% increase over their projections in federal funding for the 1988-89 biennium. A preview of the President's budget indicates continued growth in Employment and Training.

**EMPLOYMENT & TRNG - FOOD STAMP
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	25.30	25.30	25.30	25.30
Personal Services	503,805.10	549,506	528,147	528,851
Operating Expenses	210,603.21	238,056	205,105	203,109
Equipment	112.19	0	0	0
Grants	858,200.29	921,832	1,455,871	1,455,988
Total Program Costs	\$1,572,720.79	\$1,709,394	\$2,189,123	\$2,187,948
General Fund	781,006.20	1,102,633	738,676	738,676
Federal & Other Spec Rev Fund	791,714.59	606,761	1,450,447	1,449,272
Total Funding Costs	\$1,572,720.79	\$1,709,394	\$2,189,123	\$2,187,948
Current Level Services	1,572,720.79	1,709,394	2,189,123	2,187,948
Total Service Costs	\$1,572,720.79	\$1,709,394	\$2,189,123	\$2,187,948

Program Description

The purpose of this program is to provide job search and training programs as required by 53-3-304, MCA. This program consists of Job Search and Project Work functions that are funded with a combination of Federal Department of Agriculture Food Stamp Funds and State General Funds. The program is administered in cooperation with the Department of Social and Rehabilitation Services (SRS). Subgrants are passed through to state and county agencies and private, non-profit organizations that provide these job search and training programs.

Budget Issues

In FY88 the Department of Labor and Industry had an internal reorganization in the Project Work Program. 7.80 FTE were transferred to this program from the Job Service Division to consolidate all Food Stamp funding received from the Federal Department of Agriculture into one program for the 1988-89 biennium. The name of the program

was changed from the Project Work Program to Employment and Training - Food Stamp. These FTE will be budgeted into this program for the 1990-91 biennium giving the program 25.30 FTE. A 2% vacancy savings has been applied against this program.

Operating expenses decrease \$5,498 from FY88. This decrease is due to a reduction in the agency indirect cost and the Statewide Cost Allocation Plan.

Funding from the general fund has been reduced to reflect general fund reversions in this program during the 1988-89 biennium. HB2 language states the department shall seek federal funds for general assistance training program activities and shall offset allowable general fund work training project expenses with federal funds received to administer such programs. There were general fund reversions of \$628,310 in FY88 and \$650,000 in FY89 in this program. Federal funds fund the balance of this program and have increased to offset the general fund reduction.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	213.82	226.25	233.75	233.75
Personal Services	4,696,473.86	5,013,353	5,147,972	5,158,809
Operating Expenses	2,991,420.26	3,092,385	3,462,466	3,330,568
Equipment	304,160.09	129,940	320,761	125,784
Benefits and Claims	578,445.53	598,583	529,442	511,999
Transfers	11,183,755.74	12,431,338	12,367,593	12,370,169
Total Agency Costs	\$19,754,255.48	\$21,265,599	\$21,828,234	\$21,497,329
General Fund	52,445.53	64,583	45,842	43,999
State Special Revenue Fund	19,582,526.57	21,076,140	21,656,047	21,326,789
Federal & Other Spec Rev Fund	119,283.38	124,876	126,345	126,541
Total Funding Costs	\$19,754,255.48	\$21,265,599	\$21,828,234	\$21,497,329
Current Level Services	19,392,534.22	21,265,599	20,600,430	20,601,108
Modified Level Services	361,721.26	0	1,227,804	896,221
Total Service Costs	\$19,754,255.48	\$21,265,599	\$21,828,234	\$21,497,329

Agency Description

The Workers' Compensation Division is provided for in Section 2 15-1702, MCA. Division staff administer the Workers' Compensation Act, along with several related statutes. Staff responsibilities include: the administration of the

State Compensation Insurance Fund; the monitoring of claims handled by private insurance carriers and self-insurers; the administration of state industrial safety and health laws; and the referral of disabled workers to rehabilitation programs.

ADMINISTRATION PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	41.00	41.00	42.50	42.50
Personal Services	977,551.62	961,719	1,006,831	1,008,791
Operating Expenses	703,183.52	541,640	1,039,584	848,141
Equipment	26,227.87	42,393	150,653	29,569
Transfers	11,183,755.74	12,431,338	12,367,593	12,370,169
Total Program Costs	\$12,890,718.75	\$13,977,090	\$14,564,661	\$14,256,670
State Special Revenue Fund	12,862,194.85	13,944,021	14,539,673	14,231,774
Federal & Other Spec Rev Fund	28,523.90	33,069	24,988	24,896
Total Funding Costs	\$12,890,718.75	\$13,977,090	\$14,564,661	\$14,256,670
Current Level Services	12,861,366.33	13,977,090	14,039,517	14,011,393
Modified Level Services	29,352.42	0	525,144	245,277
Total Service Costs	\$12,890,718.75	\$13,977,090	\$14,564,661	\$14,256,670

Program Description

The Administration Program staff are responsible for providing management and support services to the division. They also administer the .3 % Payroll Tax.

Budget Issues

Administration personal services reflects a .50 FTE clerical position transferred from the Safety and Health Program, and 1.00 FTE management analyst transferred from the State Insurance Fund Program for the 1988-89 biennium. A 2% vacancy savings rate has been applied to this program.

There is a decrease of \$5,312 in current level operating expenses from actual FY88 expenses. Contracted Services makes up the majority of the decrease, with a decrease of \$43,522. This is due to FY88 program transfers from Safety for the implementation and development of the .3% payroll tax, and from Insurance Compliance for computer development. This decrease is offset by other operational increases.

Communications decrease \$11,019 mostly due to the one time cost appropriated for the purchase of a telephone stacker. Utilities increase \$8,398 due to inflation and an increase in rates for water charged by the City of Helena.

Repair and Maintenance for current level increases \$29,501. The recommendation allows a flat amount of \$20,000 per year of the 1990-91 biennium for the agency to pay for necessary repairs on personal computers. The alternative is to have a repair contract on each machine that would cost \$34,758. Maintenance for personal computers in the other programs has been reduced accordingly.

Other Expenses show an increase of \$12,433 from FY88. This is Workers' Compensations Division share of indirect costs within the Department of Labor and Industry, and the Lexis legal research service installed during FY88.

Recommended equipment includes office equipment, \$7,691 in FY90 and \$2,119 in FY91. The purchase of a copy machine in FY90, \$11,147. Multi-user software recommended for the biennium, \$13,965 in FY90 and \$27,450 in FY91.

Transfers are for the .3% payroll tax and the building payment on the Margaret Condon Building. The payroll tax is transferred to the Workers' Compensation State Fund. Both transfers are expended through Statutory Appropriations, 39-71-2504, MCA, for the payroll tax and 17-7-502(4) for the building payment.

Program funding is from two sources, state special revenue of Workers' Compensation assessments on insurers and fed-

eral funding from the Occupational Safety and Health Act (OSHA) which surveys industries identifying target areas for OSHA supervision.

Modification Request

Legal Secretary - This modification will provide a legal secretary for the division's Legal Office. This position is the only clerical support for the Legal Office. 1.00 FTE Legal Secretary, grade nine is requested with state special revenue. The cost is \$18,097 in FY90 and \$18,109 in FY91.

Payroll Tax FTE - 1.50 FTE is requested to process the quarterly returns on the .3% payroll tax imposed by the 1987 Legislature. These FTE would be for the 1990-91 biennium only. The cost is \$62,912 in FY90 and \$61,896 in FY91. Funding is from the state special revenue fund.

Computer Development - The Administrative Support Bureau is responsible for all computer operations, programming, and equipment maintenance. The computer system is nearly full in its current configuration. A number of development projects will be required and it is anticipated that the system will need significant expansion by the end of the 1990-91 biennium. 1.00 FTE, grade 14 Programmer I, equipment enhancement, and computer development are requested. The cost is \$444,135 in FY90 and \$165,272 in FY91 and is funded by state special revenue.

STATE INSURANCE FUND Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	106.57	119.00	125.00	125.00
Personal Services	2,198,453.64	2,494,220	2,608,859	2,613,706
Operating Expenses	1,767,396.70	1,953,300	1,826,066	1,890,140
Equipment	196,174.40	58,950	80,333	43,771
Total Program Costs	\$4,162,024.74	\$4,506,470	\$4,515,258	\$4,547,617
State Special Revenue Fund	4,162,024.74	4,506,470	4,515,258	4,547,617
Total Funding Costs	\$4,162,024.74	\$4,506,470	\$4,515,258	\$4,547,617
Current Level Services	3,829,655.90	4,506,470	3,912,287	3,971,662
Modified Level Services	332,368.84	0	602,971	575,955
Total Service Costs	\$4,162,024.74	\$4,506,470	\$4,515,258	\$4,547,617

Program Description

The State Insurance Fund Program staff operate and administer the State Compensation Insurance Fund. They enroll employers, establish premium rates and pay claims to industrially injured workers.

Budget Issues

HB373 authorized the Division of Workers' Compensation to employ necessary staff to ensure timely processing of claims, and it also provided guidelines for determining staffing needs. Through HB373, 9.75 FTE were added in FY88 and 22.00 FTE were added in FY89. In addition, 1.00 FTE was transferred to the Administration Program for the 1988-89 biennium. Actual FY88 expenses reflect the costs associated with 9.75 FTE and associated operating costs. These costs are modified request in the 1990-91 biennium. A 2% vacancy savings rate has been applied against the personal services.

Current level operating expenses decrease \$4,429 from actual FY88 expenses. Contracted services show a decrease of \$24,863. An operational plan transferred \$87,000 into contracted services to cover the costs of computer development and the costs associated with the implementation of an automated medical payments system. The contracted services decrease is offset partially by other operational increases.

Travel increases \$16,439 and Supplies and Materials increase \$3,821 from FY88. These increases are related to the early field contact people. The purpose of the early contact is to discuss claims, particularly with the injured worker as well as the employer and the physician to explain benefits, resolve problems, and explore work opportunities. Folders are purchased every other year to supplement reusable folders for the medical only claims and general claims against the State Fund. In 1991 \$36,620 is budgeted.

Recommended equipment includes replacing vehicles with high mileage; one vehicle in FY90 - \$10,647, and three vehi-

cles in FY91 - \$33,219. Five multi-user terminals are recommended; four in FY90 \$8,800, and one in FY91 - \$2,200. These terminals will be used to automate the compensation check writing process. An envelope printer to address envelopes which now must be done separately from word processing produced letters will be purchased - \$7,000. Office equipment will be purchased in FY90 - \$14,391, and in FY91 - \$8,352. A personal computer and two lap top computers will be purchased in FY90 - \$14,500.

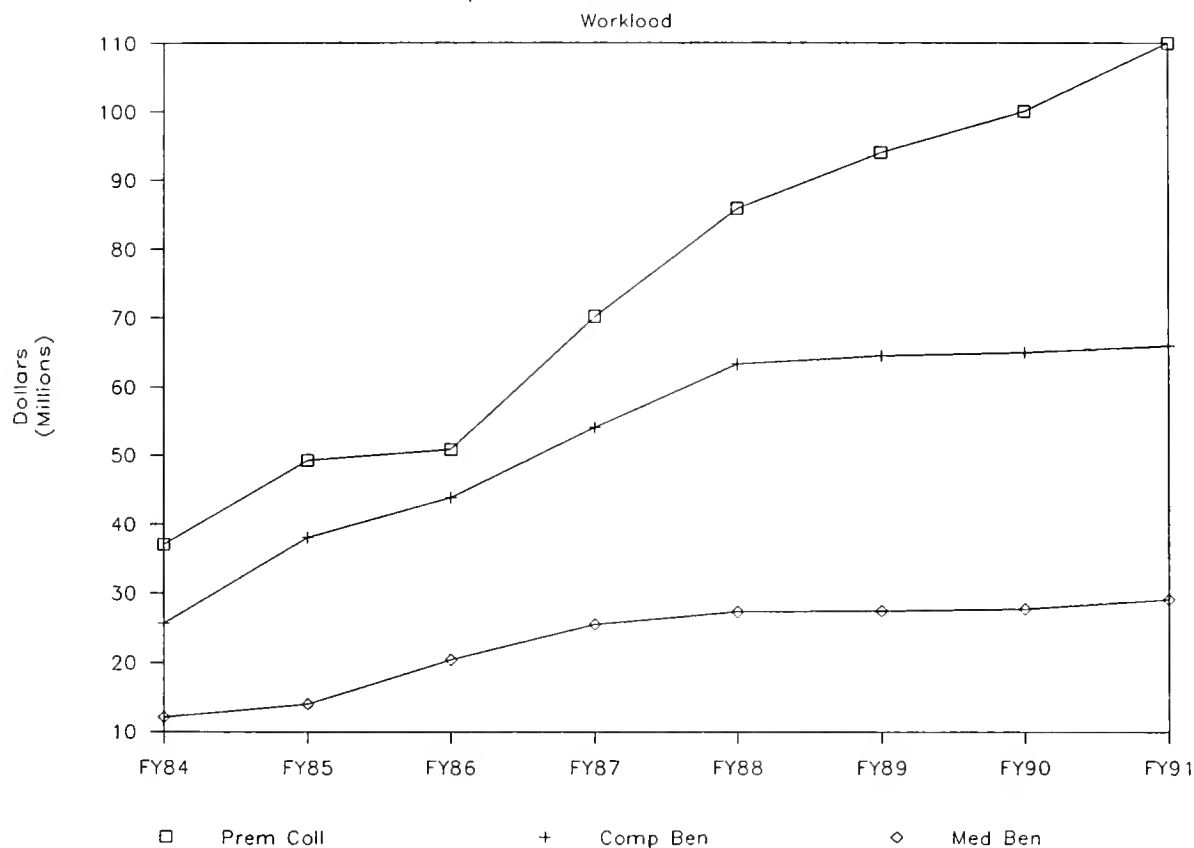
Program funding is from the state special revenue of Workers' Compensation assessments on insurers.

Table #1 and the accompanying graph show historical and projected data of premiums earned, open caseload and medical and compensation benefits paid. HB373 provides guidelines for determining staffing needs. The open file is the workload indicator for claims processing, and the number of open claims support staff, including the file, medical pay, and new claims unit, may not exceed 2.00 FTE per claims examiner. The administrative and underwriting staffing must be based on the number of premium paying policyholders and may not exceed 1.40 FTE per 1,000 policyholders.

Division of Workers' Compensation Table 1
State Compensation Insurance Fund (Workload)
Fiscal Years 1984-1991

	FY84	FY85	FY86	FY87	FY88	FY89	FY90	FY91
REVENUE								
Premium Collected:	\$37,032,669	\$49,292,000	\$50,861,305	\$70,161,068	\$85,865,028	\$94,000,000	\$100,000,000	\$110,000,000
Payroll Tax:					10,952,370	12,000,000	12,000,000	12,000,000
Total:	\$37,032,669	\$49,292,000	\$50,861,305	\$70,161,068	\$96,817,398	\$106,000,000	\$112,000,000	\$122,000,000
BENEFITS PAID								
Compensation Benefits:	\$25,753,121	\$38,034,472	\$43,866,927	\$54,036,180	\$63,238,309	\$64,500,000	\$65,000,000	\$66,000,000
Medical Benefits:	\$12,141,318	\$14,085,173	\$20,472,171	\$25,513,859	\$27,319,541	\$27,500,000	\$27,700,000	\$29,100,000
Total:	\$37,894,439	\$52,119,645	\$64,339,098	\$79,550,039	\$90,557,850	\$92,000,000	\$92,700,000	\$95,100,000
OPEN CASES								
as of yr end:	4,845	6,862	8,658	8,558	10,607	11,900	13,300	14,900
F T E:	25.0	30.0	41.9	52.0	65.4	70.0	75.0	75.0
			FTE LIMIT HB 373:		106.1	119.0	133.0	149.0
POLICY COUNT								
F T E:	23,610	24,254	25,665	26,950	27,009	28,100	29,200	30,300
	23.3	26.3	29.3	29.3	29.3	29.3	29.3	29.3
			FTE LIMIT HB 373:		37.8	39.3	40.9	42.4

State Compensation Insurance Fund

**Modification Request**

HB373 FTE - This budget recommends that the 22.00 FTE added through HB373 be continued into the 1990-91 biennium. The added FTE will give the Division of Workers' Compensation the necessary staff to ensure timely processing of claims. This will have a cost of \$479,462 in FY90 and \$474,065 in FY91. This will be funded with state special revenue.

Medical Unit Review - Workers' Compensation will establish a medical only unit responsible for reviewing and approving minor medical bills relating to an injury. This unit will consist of 5.00 FTE and will allow the regular examiners more time to successfully manage the more serious claims. This will have a cost of \$123,509 in FY90 and \$101,890 in FY91. This will be funded by state special revenue.

INSURANCE COMPLIANCE PROGRAM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	41.75	41.75	41.75	41.75
Personal Services	846,701.88	883,395	883,774	885,491
Operating Expenses	362,106.64	414,608	367,135	361,409
Equipment	58,210.13	4,100	6,207	2,619
Benefits and Claims	578,445.53	598,583	529,442	511,999
Total Program Costs	\$1,845,464.18	\$1,900,686	\$1,786,558	\$1,761,518
General Fund	52,445.53	64,583	45,842	43,999
State Special Revenue Fund	1,793,018.65	1,836,103	1,740,716	1,717,519
Total Funding Costs	\$1,845,464.18	\$1,900,686	\$1,786,558	\$1,761,518
Current Level Services	1,845,464.18	1,900,686	1,786,558	1,761,518
Total Service Costs	\$1,845,464.18	\$1,900,686	\$1,786,558	\$1,761,518

Program Description

The staff of the Insurance Compliance program monitor insurer compliance with the requirement to pay compensation and medical benefits due an injured employee; monitor insurance coverage by all Montana firms and investigate uninsured employers; regulate self-insurance and private insurance carriers; and review and approve all settlements of compensation claims.

Program staff classify all accidents and manage files for all self-insurance and private insurance files. Staff are responsible for establishing hospital rates and medical fee schedules. Staff regulate independent contractor exemptions, evaluate rehabilitation needs, refer claimants to vocational rehabilitation, and interpret and conduct hearings on disputes under the Workers' Compensation Act.

Program staff administer the Subsequent Injury Fund, Silicosis Benefits Program, Social Security Offset Benefits Program, and the Occupational Disease Act.

Budget Issues

A 2% vacancy savings rate has been applied to Insurance Compliance's personal services. There has been no change in FTE in Insurance Compliance.

Current level operating expenses increase \$5,028 from FY88 to FY90. Contracted services decrease due to lower charges by the Department of Administration, but these reductions are offset by increases in Supplies and Materials, Communications, and Travel. Communications and Travel increase due to rehabilitation panels meetings conducted in accordance with 39-71-1016, MCA. In accordance with the law,

panel meetings are conducted in seven cities throughout Montana to allow the injured worker and a representative to attend the meeting. Any worker injured after July 1, 1987 is eligible for these panel meetings after they have reached maximum medical healing. Injured workers, covered by the implementation of the rehabilitation panels in FY88, are now reaching maximum medical healing and this will reflect additional expenses associated with the rehabilitation panels.

Recommended equipment includes two multi-user terminals in FY90 - \$4,400, and one multi-user terminal in FY91 - \$2,200. These terminals will be used for inquiry, spreadsheets, word processing, and tracking claims through the rehabilitation process. Office equipment is recommended during the 1990-91 biennium, \$1,807 in FY90 and \$419 in FY91.

Benefit expenditures include payments for social security offset payments and for silicosis benefits.

Social security offset benefits are paid to those persons affected by a state law in 1974. Previous to 1974, the law allowed insurers to take a 100% offset against permanent total cases where an individual was also receiving social security disability benefits. The act was revised to allow only a 50% offset so the legislature now funds the additional cost of the decision for those affected between July 1, 1973 when the act was passed, through March 21, 1974 when the revision was enacted. Benefits total approximately \$45,842 in FY90 and \$43,999 in FY91 from the general fund.

Benefits for Social Security Offset are paid to claimants and surviving spouses and dependents of workers. Table #2 shows the gradual decline of recipients and benefit amounts.

Division of Workers' Compensation Table 2
Insurance Compliance Bureau
Social Security Offsets - 4 Year Projections

Plan I - II Self-Insurer and Private Carrier

	Claimant		Fiscal Year			
			1988	1989	1990	1991
	S	1-74-00728	2,669.14	1,297.32	1,297.32	1,297.32
	S/D	2-74-05194	5,901.90	3,169.68	3,028.99	3,028.99
	D	2-74-01537	3,086	2,987.79	2,987.79	2,987.79
	D	2-74-09313	2,289.70	2,240.58	2,240.58	397.87
	D	2-74-08747	598.91	1,579.76	0.00	0.00
	S	2-74-00297	3,305.82	3,234.90	3,234.90	3,234.90
	D	2-71-06113	5,254.16	4,556.25	4,556.25	4,556.25
TOTAL			23,105.80	19,066.28	17,345.83	15,503.12

Plan III - State Compensation Insurance Fund

	Claimant		Fiscal Year			
			1988	1989	1990	1991
	S	3-74-00115	4,022.34	3,915.41	3,915.41	3,915.41
	D	3-74-05270	6,026.12	5,896.51	5,896.51	5,896.51
	S	3-74-02185	89.49	0.00	0.00	0.00
	S	3-74-04404	3,030.29	2,952.17	2,952.17	2,952.17
	D	3-74-00491	5,324.88	5,210.35	5,210.35	5,210.35
	D	3-74-05201	6,353.75	6,217.17	6,217.17	6,217.17
	S	3-74-00849	4,399.23	4,304.68	4,304.68	4,304.68
TOTAL			29,246.10	28,496.29	28,496.29	
TOTAL PLAN I, II, III			52,351.90	47,562.57	45,842.12	43,999.41

Silicosis benefits will continue to be funded from the resource indemnity trust fund (RIT) and the administrative costs of \$12,349 in FY90 and \$12,347 in FY91 will also be funded with RIT funds. Claimants receive \$200 and widows \$100 each month. Using the projections in the table below, the total paid out to claimants in FY90 will be \$362,400 and \$350,400 in FY91. The amount for widows in FY90

will be \$121,200 and \$117,600 in FY91. Table #3 below reflects the Silicosis Program activity since 1984 and the projections for the 1990-91 biennium.

Program funding is from the state special revenue of Workers' Compensation assessments on insurers, the general fund for the Social Security Offset Program, and RIT funds for the Silicosis Program.

Division of Workers' Compensation Table 3
Insurance Compliance Bureau
Silicosis Program

Fiscal Year	Number of Claimants	Number of Widows
1985	185	143
1986	176	129
1987	167	122
1988	159	110
1989	156*	105*
1990	151*	101*
1991	146*	98*

*Estimated

	FY 1990	FY 1991
Claimants	\$362,400	\$350,400
Widows	121,200	117,600
Total Benefit Costs	\$483,600	\$468,000
Administrative Costs	12,349	12,347
Total Costs	\$495,949	\$480,347

SAFETY AND HEALTH PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	24.50	24.50	24.50	24.50
Personal Services	673,766.72	674,019	648,508	650,821
Operating Expenses	158,733.40	182,837	229,681	230,878
Equipment	23,547.69	24,497	83,568	49,825
Total Program Costs	\$856,047.81	\$881,353	\$961,757	\$931,524
State Special Revenue Fund	765,288.33	789,546	860,400	829,879
Federal & Other Spec Rev Fund	90,759.48	91,807	101,357	101,645
Total Funding Costs	\$856,047.81	\$881,353	\$961,757	\$931,524
Current Level Services	856,047.81	881,353	862,068	856,535
Modified Level Services	0.00	0	99,689	74,989
Total Service Costs	\$856,047.81	\$881,353	\$961,757	\$931,524

Program Description

Safety Program staff conduct safety inspections in all mining and related industries and in public agencies. Loss control safety consultation for Montana employers is provided with emphasis on employers insured with the State Compensation Insurance Fund. This consultation includes identification of workplace hazards, safety training for supervisors and employees, and assistance in establishing and maintaining a safety program.

Safety program staff provide for testing and licensing of crane/hoist/boiler operators and blasters. Boiler inspections are provided and coal mine foremen are safety certified. Miners are provided with safety training relating to their specific industries and jobs.

Budget Issues

A 2% vacancy savings rate has been applied against this programs personal services. There has been no change in FTE in the Safety and Health Program.

There is a \$4,041 decrease in current level operating expenses from FY88. Travel decreases \$6,614 from FY88 to FY90 while other areas increase small amounts to account for the difference.

Requested equipment includes replacing vehicles with high mileage; five vehicles in FY90 - \$55,238, and four vehicles in FY91 - \$46,375, two audio viewer projectors to provide miner's training on a full-time basis; one in FY90 - \$700, and one in FY91 - \$700. Additional equipment requested, scientific apparatus necessary for underground inspection activities; FY90 \$700 and FY91 - \$700, one set of Boiler Pressure Vessel Codes to adhere to generally accepted nationwide engineering standards; FY90 - \$380 and field monitoring equipment to document and determine the extent of health hazards in the workplace; FY90 \$1,850 and FY91 - \$2,050.

Program funding includes state special revenue of Workers' Compensation assessments on insurers and federal revenue supports mine safety and on-site consultation programs.

Modification Request

Arcade Building Move - Because of the addition of staff through HB373 and the space limitations in the Margaret Condon Building, it has become necessary to rent additional office space. Workers' Compensation has leased space, in a nearby downtown building, the Arcade Building, to provide the needed space for staff. Costs associated with this move, \$99,689 in FY90 and \$74,989 in FY91, are building rent, parking space rent, maintenance and equipment.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	96.50	97.50	99.50	99.50
Personal Services	2,196,065.79	2,311,579	2,426,891	2,426,790
Operating Expenses	1,986,293.04	2,912,395	2,292,516	2,313,193
Equipment	18,411.42	0	2,400	0
Capital Outlay	225.00	0	225	225
Local Assistance	38,009.82	264,751	0	0
Grants	555,984.44	2,000,000	600,000	600,000
Benefits and Claims	2,280.00	2,280	2,280	2,280
Total Agency Costs	\$4,797,269.51	\$7,491,005	\$5,324,312	\$5,342,488
General Fund	1,811,554.15	2,106,032	1,945,601	1,950,939
State Special Revenue Fund	0.00	0	12,000	12,000
Federal & Other Spec Rev Fund	2,985,715.36	5,384,973	3,366,711	3,379,549
Total Funding Costs	\$4,797,269.51	\$7,491,005	\$5,324,312	\$5,342,488
Current Level Services	4,797,269.51	6,758,937	4,985,331	5,003,586
Modified Level Services	0.00	732,068	338,981	338,902
Total Service Costs	\$4,797,269.51	\$7,491,005	\$5,324,312	\$5,342,488

Agency Description

The Department of Military Affairs consists of three functional divisions: The Montana National Guard, Disaster and Emergency Services, and Veterans Affairs. The Department is administered by the Adjutant General and his staff (Section 2-15-1202, MCA).

The Montana National Guard Division exists to provide trained and equipped military organizations for the Governor in the event of a state emergency, and the President in the event of a national emergency. The Guard Division is made up of the Army National Guard and the Air National Guard.

The Adjutant General administers a joint federal-state program to provide for the organization of the Montana Army

and Air National Guard. Military and individual equipment for the troops and units of the Montana Guard are furnished by the U.S. Department of Defense through the National Guard Bureau. Federal control is exercised over the military strength and mobilization missions of the Montana Guard. Federal personnel are employed in both administration and maintenance jobs in armories and maintenance shops.

The Disaster and Emergency Services Division was established in the Department of Military Affairs by Section 2-15-1204, MCA.

The Board of Veterans Affairs was established in the Department of Military Affairs by Section 2-15-1205, MCA.

ADMINISTRATION PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	4.00	4.00	4.50	4.50
Personal Services	116,953.40	124,655	135,117	135,530
Operating Expenses	56,416.35	60,473	68,656	65,610
Total Program Costs	\$173,369.75	\$185,128	\$203,773	\$201,140
General Fund	163,268.75	174,983	203,773	201,140
Federal & Other Spec Rev Fund	10,101.00	10,145	0	0
Total Funding Costs	\$173,369.75	\$185,128	\$203,773	\$201,140
Current Level Services	173,369.75	185,128	195,463	192,827
Modified Level Services	0.00	0	8,310	8,313
Total Service Costs	\$173,369.75	\$185,128	\$203,773	\$201,140

Program Description

The Administration Program staff provide management support and supervision for the Army and Air National Guard programs, Emergency Support program, and administrative support to the Veterans Affairs Division. They also disburse funds to support the operation of the departmental headquarters.

This program is the primary financial, personnel and administrative support organization for the agency, including the department director's office, financial management and budgeting, personnel, communications supervision and other administrative support.

Budget Issues

The requested operating expenses increase by approximately \$12,000 in FY90 and \$9,000 in FY91 as compared to FY88 actual expenditures. The increase is due to anticipated util-

ity rate increases and \$5,188 of biennial audit costs in FY90.

A vacancy savings rate of 2% is recommended for this program.

Funding is 100% general fund. In the last biennium federal National Guard funds supported one half the personal service costs of an accounting technician position. An agreement was reached where this position would become 100% general fund supported and a position in the Army National Guard program, that was similarly funded, would become 100% federal supported.

Modification Request

The agency is requesting an additional 0.50 FTE clerical support position to assist the division with receptionist and telephone answering services, processing the mail for the division, and maintaining two filing systems and the reference library. \$8,310 is requested in FY90 and \$8,313 in FY91 of general fund.

**ARMY NATIONAL GUARD PGM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	16.25	16.00	16.50	16.50
Personal Services	322,768.85	333,876	354,694	354,563
Operating Expenses	1,325,242.23	2,127,346	1,403,824	1,427,853
Equipment	12,845.58	0	2,400	0
Capital Outlay	225.00	0	225	225
Benefits and Claims	2,280.00	2,280	2,280	2,280
Total Program Costs	\$1,663,361.66	\$2,463,502	\$1,763,423	\$1,784,921
General Fund	829,574.42	868,498	944,951	958,563
Federal & Other Spec Rev Fund	833,787.24	1,595,004	818,472	826,358
Total Funding Costs	\$1,663,361.66	\$2,463,502	\$1,763,423	\$1,784,921
Current Level Services	1,663,361.66	1,763,502	1,623,481	1,644,975
Modified Level Services	0.00	700,000	139,942	139,946
Total Service Costs	\$1,663,361.66	\$2,463,502	\$1,763,423	\$1,784,921

Program Description

The Army National Guard Program fulfills two main responsibilities. As directed by the Governor, the Guard mobilizes in cases of disaster and emergency in the state. In national emergencies, the guard mobilizes at the call of the President to defend the national security. In both instances, the guard provides trained personnel and necessary equipment to perform required tasks. The program staff are responsible for coordinating, planning, and implementing training for the guard.

Budget Issues

The Army National Guard is in the process of reorganizing, the Armored Cavalry unit to be specific. This will allow a growth from a unit of two squadrons to a Heavy Brigade unit with four battalions. The authorized strength of the guard will go from a current level of 2,897 to approximately 3,617. The number of full time federal employees of the guard will increase by approximately 80.

Because the reorganization is federally directed, the federal government provides support to complete the conversion. The support includes 100% federal funds for armory remodeling and 100% federal funds for the first five years for rental facilities to be used for armories in Great Falls and Polson. Remodeling will be extensive, every armory will be authorized additional square footage. The state will be the contracting agency on most of the remodeling projects.

In addition to the increase in units, there will be an additional maintenance facility in the central part of the state.

The facility will be 100% federally supported with the operations and maintenance on a 25/75 state/federal split.

The impact on state funding will be in the areas of operation and maintenance of the facilities. There will be increases which are reflected in the modification. The operation and maintenance of the leased facilities in Great Falls and Polson will be 100% state supported.

The proposed budget allows the program to maintain its current level of operation, and a vacancy savings rate of 2% is recommended.

The funding is a 49.6% general fund, 50.4% National Guard, U.S. Department of Defense fund split for FY90 and a 49.8%, 50.2% split general fund versus National Guard funds in FY91.

Modification Request

The agency is requesting \$139,497 in FY90 and \$139,502 in FY91 of general fund. This would support a 0.50 FTE that would be working with a federal civil service employee in the maintenance section doing clerical supportive services associated with preparing specifications, bidding documents, and tracking status of projects. The other half of the position would be federal civil service.

The modification request would also support utilities for additional space either rented or new construction, telephone costs for additional federal employees, and maintenance supplies and contracted services - for the care and upkeep of the various facilities.

**AIR NATIONAL GUARD PGM
Budget Detail Summary**

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990 FY 1991	
Full Time Equivalent Employees	37.00	38.00	39.00	39.00
Personal Services	806,867.87	878,423	959,258	957,597
Operating Expenses	430,760.67	483,993	532,949	548,871
Total Program Costs	\$1,237,628.54	\$1,362,416	\$1,492,207	\$1,506,468
General Fund	119,184.00	125,671	126,307	129,473
Federal & Other Spec Rev Fund	1,118,444.54	1,236,745	1,365,900	1,376,995
Total Funding Costs	\$1,237,628.54	\$1,362,416	\$1,492,207	\$1,506,468
Current Level Services	1,237,628.54	1,330,348	1,367,853	1,382,200
Modified Level Services	0.00	32,068	124,354	124,268
Total Service Costs	\$1,237,628.54	\$1,362,416	\$1,492,207	\$1,506,468

Program Description

The Air National Guard Program staff provide clerical, facilities, maintenance, and fire protection support to the Air National Guard base at Great Falls. It also disburses funds to support the Air National Guard Headquarters.

The major unit of the Air Guard is the 120th Fighter Interceptor Group located in Great Falls. The mission of this unit is to provide a trained and equipped combat-ready air defense fighter group capable and ready for mobilization in time of war or national emergency as augmentation for the U.S. Air Force.

In addition to the above the Air Guard has a full time federal mission to support the primary air surveillance and control for the U.S. Air Force along approximately 650 miles of the northern border of the U.S. to insure air sovereignty in time of peace. These two missions are accomplished through an active air defense detachment. This detachment is an integral part of the overall air defense system for the North American continent. The unit maintains two alert aircraft at Great Falls and two at the unit's detachment at Davis-Monthan AFB (Tuscon), Arizona. The Montana Air Guard has successfully participated in this mission for more than 20 years.

Budget Issues

The increase of operating expenses in the proposed budget of approximately \$30,000 in FY90 and \$36,000 in FY91 as compared to FY88 actual expenditures, is utility inflation.

A vacancy savings factor of 2% is recommended for this program.

Modification Request

Design Engineer - The agency is requesting a 1.00 FTE design engineer position to handle routine design projects and to maintain real property records for the Air Guard. This position would replace a federal position which was reassigned. \$20,306 in FY90 and \$20,308 in FY91 of National Guard, U.S. Department of Defense appropriation authority is requested.

The position was approved for the 1989 biennium by budget amendment.

Maintenance - A 1.00 FTE maintenance worker at \$21,177 in FY90 and \$21,134 in FY91 is requested to assist in maintaining the 45 buildings located at the Air National Guard facility in Great Falls; \$32,000 annually to contract for snow removal and trash pick up; and \$50,000 annually for maintenance supplies and some specialized maintenance contracts. The costs would be split 80/20, federal/state. \$20,635 in FY90 and \$20,627 in FY91 of general fund, and \$82,542 in FY90 and \$82,507 in FY91 of National Guard, U.S. Department of Defense funds are requested.

DISASTER COORDINATION RESPONSE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	13.00	13.00	13.00	13.00
Personal Services	360,518.56	371,243	375,881	376,134
Operating Expenses	70,865.53	93,439	137,449	129,938
Equipment	4,173.25	0	0	0
Total Program Costs	\$435,557.34	\$464,682	\$513,330	\$506,072
General Fund	212,960.06	222,150	220,493	216,859
State Special Revenue Fund	0.00	0	12,000	12,000
Federal & Other Spec Rev Fund	222,597.28	242,532	280,837	277,213
Total Funding Costs	\$435,557.34	\$464,682	\$513,330	\$506,072
Current Level Services	435,557.34	464,682	450,955	443,697
Modified Level Services	0.00	0	62,375	62,375
Total Service Costs	\$435,557.34	\$464,682	\$513,330	\$506,072

Program Description

The Disaster Coordination and Response Program staff prepare, update, coordinate, and test all state emergency preparedness, response and recovery plans. Each county is responsible for its own preparedness and response plans and each has a county coordinator (full-time or part-time). The division, working through four district representatives, provides coordination and operational, technical, administrative and training support for each county. Every county has an emergency plan approved by its respective county government.

Operating 24 hours a day, 7-days a week, program staff coordinate and administer all state and federal response and recovery actions to any disaster beyond local governments' response and recovery capabilities.

The program staff also administer all federal money that is passed through to eligible political subdivisions. Counties are eligible for 50% reimbursement on costs related to civil defense.

Budget Issues

A vacancy savings rate of 2% is recommended for this program.

The operating expenses increase in FY90 over FY88 actual expenditures due to \$7,510 of biennial audit costs.

The program is funded on a 50/50 split - federal Disaster and Emergency Service funds and general fund except for \$11,885 in each year of 100% federally funded travel. The travel allows staff to participate in essential federal sponsored training.

Modification Request

Hazardous Training - Appropriation authority of \$60,000 in each year of the biennium is requested to support a hazardous training program which the agency administers in cooperation with the Department of Health and Environmental Sciences. \$48,000 of the program would be supported with federal training dollars Disaster and Emergency Services federal grant, and \$12,000 of RIT funds from the Department of Health and Environment Science.

Office Rent - The Missoula Disaster and Emergency Service representative is located in the armory facility. With the reorganization of the Army Guard, it will be necessary for the representative to move. Office rent in the amount of \$2,375 on a 50/50 split between federal and general fund is requested for each year of the biennium.

EMERGENCY MGMT DEVELOPMENT
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	8.25	8.50	8.50	8.50
Personal Services	198,775.92	211,136	215,208	215,572
Operating Expenses	43,864.20	59,411	52,294	49,411
Equipment	988.59	0	0	0
Total Program Costs	\$243,628.71	\$270,547	\$267,502	\$264,983
Federal & Other Spec Rev Fund	243,628.71	270,547	267,502	264,983
Total Funding Costs	\$243,628.71	\$270,547	\$267,502	\$264,983
Current Level Services	243,628.71	270,547	267,502	264,983
Total Service Costs	\$243,628.71	\$270,547	\$267,502	\$264,983

Program Description

The Emergency Management Development Program supplements the Disaster Coordination and Response Program in the preparation and updating of Local and State Emergency Preparedness Plans. These efforts are federally funded for war caused incidents, but under current guidance can include planning for all hazards as long as it does not distract from the war caused planning. In addition to the planning preparedness, technical support is given for in-place

sheltering, exercise designing and conducting radiological defense and radiological monitoring.

Budget Issues

Biennial audit fees of \$2,868 shown in the FY90 budget request along with increased travel costs in both years of the biennium, are the reasons for the increases over FY88 actual expenses.

The program is 100% federally funded.

LOCAL REIMBURSEMENT-DES
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Grants	555,984.44	2,000,000	600,000	600,000
Total Program Costs	\$555,984.44	\$2,000,000	\$600,000	\$600,000
Federal & Other Spec Rev Fund	555,984.44	2,000,000	600,000	600,000
Total Funding Costs	\$555,984.44	\$2,000,000	\$600,000	\$600,000
Current Level Services	555,984.44	2,000,000	600,000	600,000
Total Service Costs	\$555,984.44	\$2,000,000	\$600,000	\$600,000

Program Description

The Local Civil Defense Reimbursement Program is used to receive, record and disburse federal funds to other eligible political subdivisions. Federal programs include, but are not limited to, Emergency Management Assistance, Emergency Operation Center Construction and Furnishing, Communication and Warning Equipment, Supporting Materials and

Disaster Recovery. All programs except Disaster Recovery are matched by receiving political subdivision.

Budget Issues

FY88 reflects actual disbursements to local political subdivisions. Appropriation authority of \$600,000 for each year of the biennium is requested.

VETERANS AFFAIRS PROGRAM Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	18.00	18.00	18.00	18.00
Personal Services	390,181.19	392,246	386,733	387,394
Operating Expenses	59,144.06	87,733	97,344	91,510
Equipment	404.00	0	0	0
Total Program Costs	\$449,729.25	\$479,979	\$484,077	\$478,904
General Fund	448,557.10	449,979	450,077	444,904
Federal & Other Spec Rev Fund	1,172.15	30,000	34,000	34,000
Total Funding Costs	\$449,729.25	\$479,979	\$484,077	\$478,904
Current Level Services	449,729.25	479,979	480,077	474,904
Modified Level Services	0.00	0	4,000	4,000
Total Service Costs	\$449,729.25	\$479,979	\$484,077	\$478,904

Program Description

The staff of the Veterans Affairs Division are charged with the responsibility of assisting all veterans, their dependents and beneficiaries who may be entitled to veteran benefits. The Division is provided for in Section 2-15-1205, MCA. Administers Veterans' Cemetery located at Fort Harrison.

Budget Issues

The operating expense requests for FY90 and FY91 include \$30,000 for burials at the new Veterans' Cemetery. The expenses are supported with Veteran's Administration plot allowance of \$150 per burial. Biennial audit costs of \$5,188 are shown in FY90.

A vacancy savings rate of 1.10% is recommended for this program, the actual rate experienced in FY88.

Six Veterans Affairs Division staff are located in the Missoula, Kalispell and Bozeman armories. With the reorganization of the Army Guard it will be necessary to relocate the staff to other facilities. The Department of Labor and Industry has agreed to furnish adequate office space in the three Job Service offices. There will be no additional rental expenses.

Funding for agency operations is general fund.

Modification Request

The agency is requesting appropriation authority of \$4,000 each year of the biennium for grounds maintenance at the Veterans' Cemetery. The activity would be supported with Veteran's Administration plot allowances of \$150 per veteran burial.

DISASTER FUND Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Local Assistance	38,009.82	264,751	0	0
Total Program Costs	\$38,009.82	\$264,751	\$0	\$0
General Fund	38,009.82	264,751	0	0
Total Funding Costs	\$38,009.82	\$264,751	\$0	\$0
Current Level Services	38,009.82	264,751	0	0
Total Service Costs	\$38,009.82	\$264,751	\$0	\$0

Program Description

Sections 10-3-311 and 10-3-312, M.C.A. allows for expenditures of up to \$1,000,000 from the general fund for emergencies and declared disasters.

Budget Issues

This program has a biennial statutory appropriation of \$1,000,000. FY88 expenditures are: \$35,982 for the 1986

spring flood in north-central part of the state and \$2,028 for the 1987 Milk River flood. It can take as long as five years before all obligations are paid and the books closed. To date of the \$305,000 authorized for the 1986 north-central flood, the total expenditures are \$141,675. The 1987 Milk River flood was authorized \$170,000 and total expenditures to date are \$123,076.

Agency Summary Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	774.63	772.93	797.49	797.49
Personal Services	17,894,242.71	18,302,540	19,172,138	19,204,213
Operating Expenses	11,126,062.62	10,112,944	10,658,664	11,055,974
Equipment	698,208.66	735,669	268,966	171,934
Benefits and Claims	233,423,231.65	260,657,677	271,039,160	284,298,035
Total Agency Costs	\$263,141,745.64	\$289,808,830	\$301,138,928	\$314,730,156
General Fund	73,111,867.38	75,825,531	79,352,574	83,255,469
State Special Revenue Fund	8,074,849.01	8,545,383	7,908,776	7,990,005
Federal & Other Spec Rev Fund	181,955,029.25	205,437,916	213,877,578	223,484,682
Total Funding Costs	\$263,141,745.64	\$289,808,830	\$301,138,928	\$314,730,156
Current Level Services	261,911,372.95	287,969,653	281,774,272	287,352,349
Modified Level Services	1,230,372.69	1,839,177	19,364,656	27,377,807
Total Service Costs	\$263,141,745.64	\$289,808,830	\$301,138,928	\$314,730,156

Agency Description

The Department of Social and Rehabilitation Services (SRS) is a multi-function human services agency designed to provide assistance to state citizens in need. The department's services range from public assistance — including food stamps and medical assistance for the needy — to the care and training of the developmentally disabled and the physically handicapped. The primary concern is to encourage people to become self-sufficient and to assist those who cannot do so.

The department staff provide services to help blind and partially blind persons become gainfully employed; and provide rehabilitation services to promote the restoration of handicapped Montanans to their fullest physical, mental, vocational and social abilities. Statutory authority for SRS is provided for in Section 2-15-22, MCA and Title 53, MCA.

The department staff also administer the Low Income Energy Assistance Block Grants (LIEAP).

Budget Issues

The SRS agency budget request grows 14% to 20% above FY88 actual expenditures over the 1991 biennium. How-

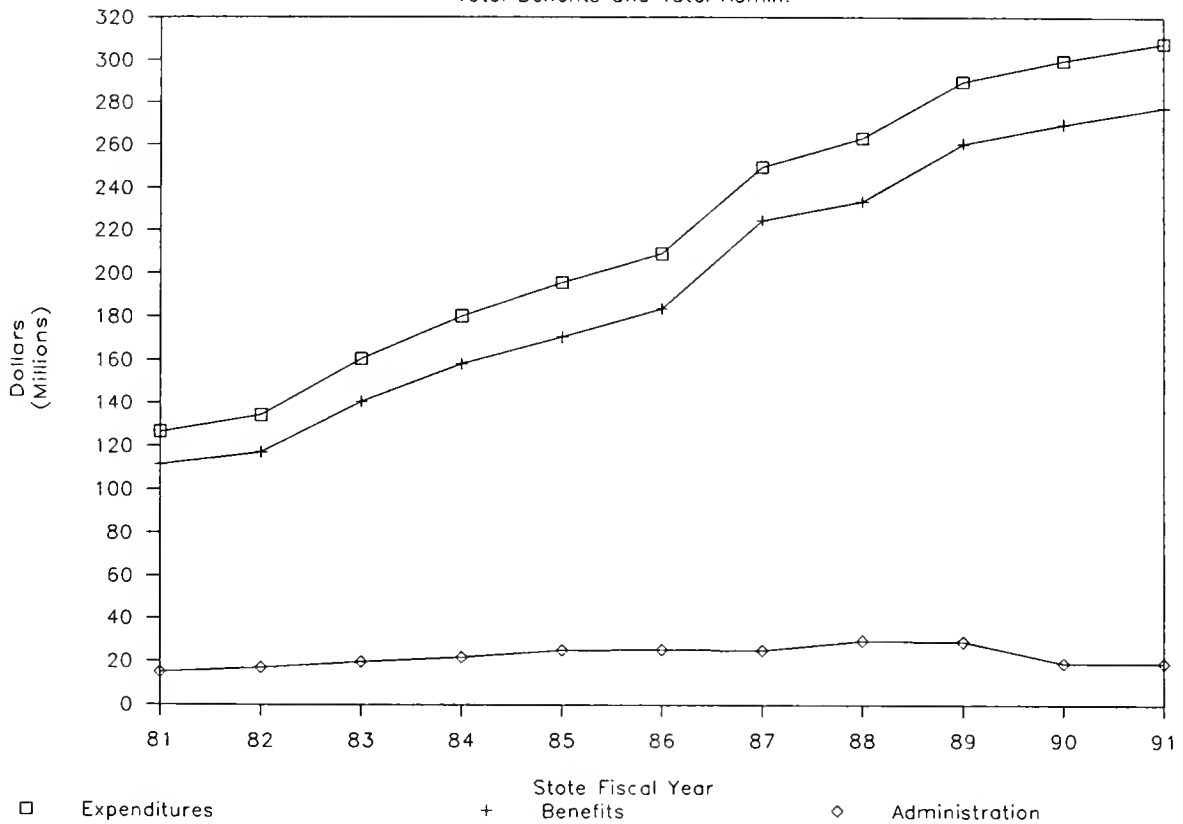
ever, the current level general fund request for SRS is actually below the FY89 appropriation largely due to a projected slower rate of growth in benefit caseloads over the 1991 biennium.

The FY90-91 total general fund is higher than FY89 budgeted due to modified level requests. State funding growth is driven by changes in federal law requiring state participation in federal welfare reform, expansion of eligibility for medicaid benefits due to the Medicare Catastrophic Coverage Act (CCA), and increased staffing and staff training for nursing homes resulting from OBRA (Omnibus Budget Reconciliation Act of 1987). Decreases in federal and state special funding in the Developmental Disabilities and the Vocational Rehabilitation programs also cause state spending to rise.

Since FY81, the SRS budget has more than doubled (see the first graph). That growth has been spurred by increasing caseloads, new federal benefit programs and expansion of state-funded benefits. Administrative expenses account for a very small proportion of SRS spending and have comprised an ever decreasing share of the total department budget. In FY81 administration was about 12% of the total budget and in FY91 it falls to 9.7%.

Comparison of Total SRS Expenditures

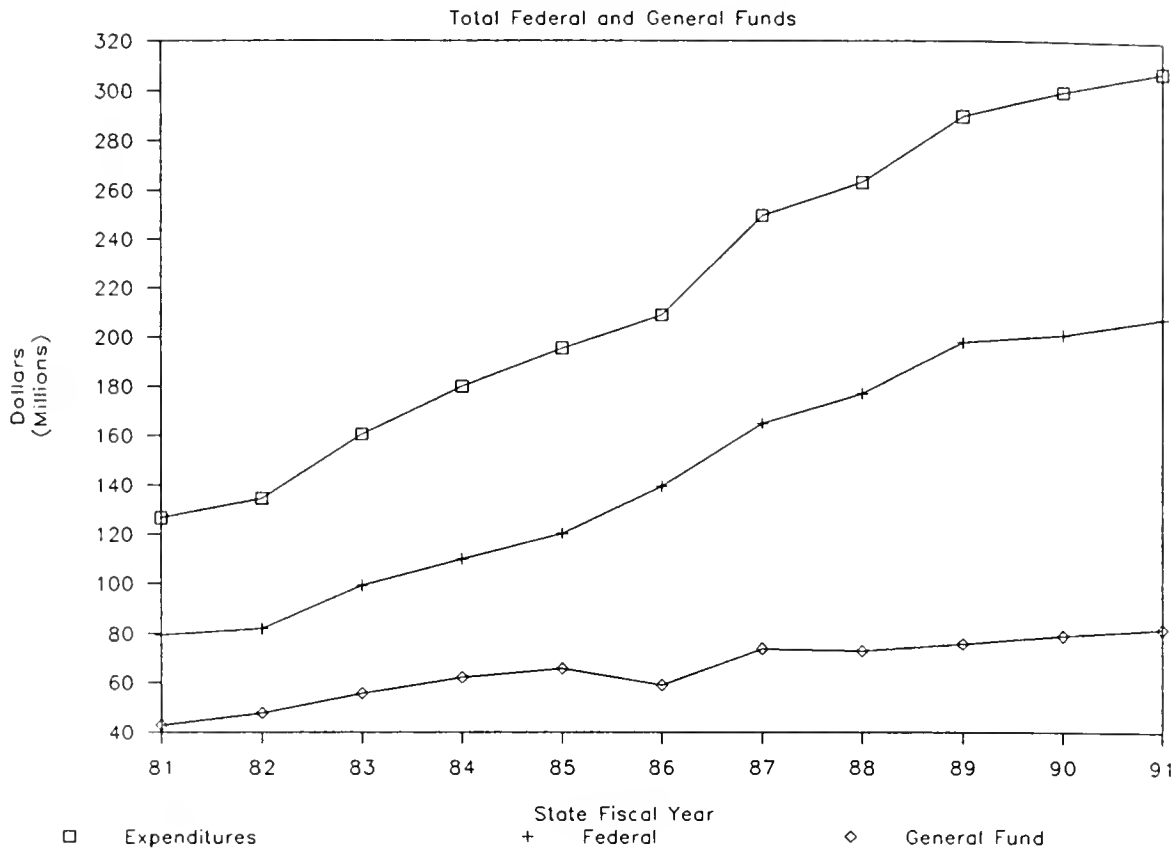
Total Benefits and Total Admin.



Although total general fund expenditures have risen over the last eight years, federal funds have comprised an increasingly larger share of total expenditures while total general fund commitment has declined (see the second graph). In

FY81, general fund provided 33.8% of total department expenditures. In FY91, the general fund request is 26.5% of the total budget.

Comparison of Total SRS Expenditures



Part of the reason for the state funding decline is the increasing share of benefit costs paid by the federal government. Table 1 shows the actual and estimated federal matching rate (FMAP). A 1% change in the FMAP will cause about a \$4.5 million shift in state benefit contribution. Another reason for the rising share of federal funds is the new programs instituted at the federal level, sometimes largely federally funded.

Social and Rehabilitation Services Table 1
Federal Matching Rates
FY83 Actual to FY91 Projected

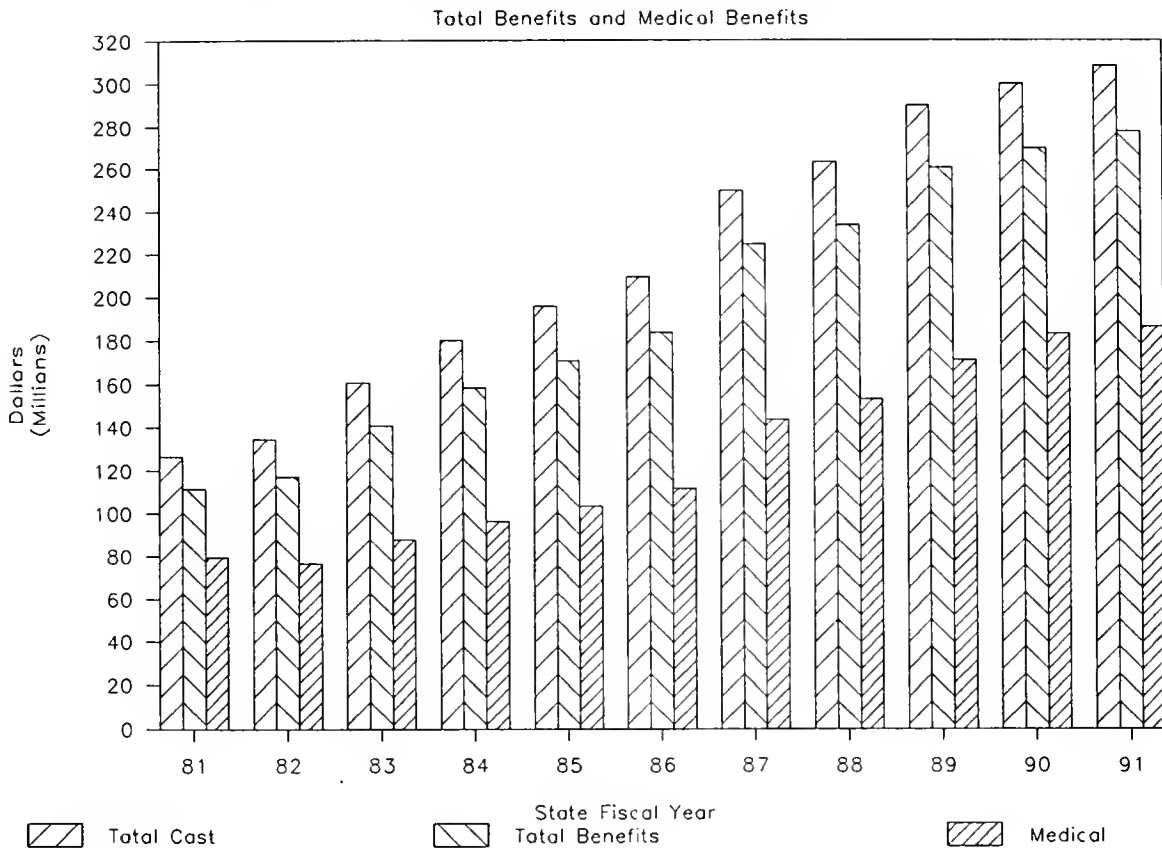
State Fiscal Year	Federal Share	State Share
1983	62.89	37.11
1984	61.82	38.18
1985	63.69	36.31
1986	65.89	34.11
1987	67.18	32.82
1988	68.91	31.09
1989	70.32	29.68
1990	71.17	28.83
1991	71.28	28.72

fits have more than doubled. Although such benefits constituted a larger total share of the FY81 budget than in recent years, medicaid is the single largest benefit program in SRS. The third graph compares total fiscal year end expenditures, total benefit costs and total medical benefit costs. Combined medical assistance benefits account for over half of the total SRS budget request in the 1991 biennium. Table 2 shows the total cost, funding and selected benefit information for FY81 to FY91. The numerical values used in each of the three graphs are shown in Table 2.

One of the fastest growing benefit programs initiated by the federal government is medicaid. Since FY81, medical bene-

DEPT SOCIAL & REHAB SERVICES

Comparison of Total SRS Expenditures



Social and Rehabilitation Services Table 2
Total Expenditures Compared to Cost of Administration and Selected Benefits
FY81 to FY91

Expenditure/ Funding	81 Actual	83 Actual	84 Actual	85 Actual	86 Actual	87 Actual	88 Actual	89 Budgeted	90 Budgeted	91 Budgeted
FTE	669.52	681.54	674.48	673.73	736.60	749.93	775.13	772.93	797.49	797.49
Total Expenditures	126,692,459	160,620,540	180,050,091	195,541,975	209,142,885	249,701,019	263,141,745	289,808,830	301,138,928	314,730,156
Total Admin	15,154,762	19,835,899	21,871,907	25,203,570	25,554,073	25,150,383	29,718,516	29,150,653	30,099,768	30,432,121
Total Benefits	111,537,700	140,784,639	158,178,184	171,338,402	183,588,815	224,550,634	233,423,231	260,658,177	271,039,160	284,298,035
Total Medical Assist Bnfts	79,311,438	87,580,715	96,333,663	103,241,729	111,557,118	143,541,655	152,783,128	170,970,267	183,020,600	189,972,003
Total Funds	126,692,459	160,620,540	180,050,091	195,541,975	209,142,885	249,701,019	263,141,745	289,808,830	301,138,928	314,730,156
General Fund	42,819,667	55,787,812	62,195,771	65,760,821	59,121,181	73,906,361	73,111,869	75,825,531	79,352,574	83,255,469
Federal Funds	79,638,711	99,351,326	109,946,687	120,459,372	139,455,135	164,834,995	177,225,757	197,983,959	209,630,095	219,369,190
County Funds	4,029,119	5,272,580	7,321,153	8,658,162	9,900,388	10,195,999	10,273,461	10,602,947	10,170,733	10,157,199
Other Funds	204,962	208,822	586,480	663,620	666,181	763,664	2,530,658	5,396,393	1,985,526	1,948,298

Notes:

State assumption of county welfare programs causes the increase in county funds beginning in FY84.

Other funds in FY88 and FY89 are largely oil overcharge funds available to LIEAP and low-income home weatherization programs.

Federal legislation has mandated significant changes to benefits and programs administered by SRS. Guidelines for

these programs are still in a state of flux. Federal agencies

have not yet published draft regulations governing the new laws as of December 1, 1988.

The Family Support Act of 1988 (federal welfare reform) is the most recently enacted change. Beginning April 1, 1990, states must extend medicaid benefits for a period of 12 months to families who received welfare for any 3 of the 6 previous months but have become ineligible because of increased employment hours or earnings. States are prohibited from charging families premiums for the first six months and premiums may not exceed 3% of gross income. Beginning at the same time, states must guarantee child-care services for 12 months following the month that a family becomes ineligible for assistance because of increased earnings if such child care is necessary to maintain employment. Families are required to contribute to the cost of such care on a sliding scale.

The Family Support Act of 1988 also creates a new JOBS (job opportunities and basic skills training program) and abolishes the WIN (work incentive) program for recipients of Aid to Families with Dependent Children (AFDC). States may implement a JOBS program as soon as the state plan has received federal approval, but must have a JOBS program in place by October 1, 1992 as a condition of continued receipt of federal welfare funding. The Department of Labor will administer the Montana JOBS program beginning July 1989.

Federal welfare reform also requires that within two years states must begin automatic withholding of child support from an absent parent's paycheck for all cases being enforced by the state child-support agency. Beginning in fiscal 1993, states must meet federal standards for establishing paternity for children born out of wedlock. These provisions apply to the Department of Revenue.

CCA passed by congress in June 1988 also has major implications for the SRS budget. The act expands medicaid coverage. Pregnant women/children under one year old, with incomes less than 100% of the federally-established poverty level, are eligible to receive medicaid. Such coverage must be available by July 1, 1990. The state must expand eligibility for payment of medicare insurance premiums. The state now pays such premiums for medically needy individuals but must extend coverage to persons eligible for medicare whose incomes are below 100% of the federally-established poverty level. The income level will be phased in with a final implementation date of January 1, 1992.

CCA also establishes resource limits for spouses of individuals in nursing homes. Beginning September 30 1989, in determining medicaid eligibility for an institutionalized individual with a community spouse, states must exempt a minimum of \$12,000 in resources for the community spouse. After the institutionalized individual has established medicaid eligibility, the state must allow the community spouse to receive some of the income of the institutionalized spouse. The community spouse is to retain a minimum monthly income of 122% of the federal poverty level rising to 150% July 1, 1992.

OBRA institutes new staffing requirements for nursing homes and new staff training requirements. Nursing homes may not employ an individual after January 1, 1990 for more than four months unless the individual has completed a training and competency evaluation program approved by the state. On or before October 1, 1990, nursing facilities must provide the services of a registered nurse for at least eight consecutive hours a day, seven days a week unless the requirement is waived. Staffing and training requirements will impact several state institutions as well.

Additionally, OBRA requires states to screen all current and future nursing home residents to determine those residents who are mentally ill or developmentally disabled. MI and DD individuals requiring active treatment, and who have been in the nursing home fewer than 30 months, must be moved to an appropriate placement. DD and MI individuals residing in a nursing home for more than 30 months may choose to stay or move to another placement. MI and DD individuals requiring active treatment but not needing the medical care provided by a nursing home must be assigned an alternative placement.

Several state initiatives will also impact the SRS budget. The Governor is proposing that the DD Program be transferred to the Department of Family Services along with two state institutions— Eastmont Human Services Center and the Montana Developmental Center. The Governor's Advisory Council on the Delivery of Human Services made the recommendation to consolidate the delivery of services to the developmentally disabled within DFS. The SRS budget does not reflect the transfer.

The Governor is proposing a Montana Civilian Conservation Corps (MCCC) within the Department of Fish, Wildlife, and Parks to improve state parks and other public lands and facilities managed by DFWP. The program will provide work experience for unemployed or economically-disadvantaged youth and adults. SRS will transfer to DFWP benefit payments of general assistance or AFDC recipients employed in the MCCC to pay salary costs. SRS will continue to pay medical benefits for MCCC-employed GA and AFDC recipients.

The Governor also incorporated an initiative recommended by the Priorities for People process in the SRS budget. State funds were added for the Early Intervention Program to extend services to infants and toddlers up to two years old who are at risk of developmental delay. The program was started as a federal initiative.

The Governor increased state funds in the medicaid program to help increase low-income women's access to obstetrical care. The modified was added in response to recommendations made by the Governor's Obstetrical Services Availability Advisory Council.

The 1991 biennium request also includes additional general fund to continue two SRS programs at current level. Vocational Rehabilitation and Developmental Disabilities are facing cuts in state special revenues and federal funds that will significantly reduce the level of service that can be provided without additional state funding. The number of clients receiving vocational rehabilitation funded by Industrial Accident Rehabilitation Account (IARA) funds is declining. The estimated reduction in IARA funds would reduce Vocational Rehabilitation Program benefits by over 50% without a general fund offset. The Governor is also recommending that current statutes be amended to allow IARA to pay its proportionate share of administrative costs to offset some of the additional general fund that will necessary to fund current level VR benefits.

Two federal sources of funding for DD benefits are declining—Title XX and LIEAP (Low-Income Energy Assistance Program). The Governor is requesting that general fund be added to the program to continue the 1989 biennium level of service. Without the increase, 32 developmentally-disabled individuals will lose services.

Although the FY88 expenditures were below the appropriation, SRS still had to process two supplemental appropriations in AFDC (\$1 million total funds/ \$300,000 general fund) and the medicare buy-in (\$260,000 general fund). The

agency is prohibited by HB2 from transferring funds from the primary care medicaid, state medical, general assistance and nursing home appropriations to any other appropriations. Although there were excess funds in those appropriations, such funds could not be moved to fund the supplemental appropriations.

SRS was prevented from implementing two benefit limitations adopted by the 1987 Legislature and the 1986 June

Special Session. The Ninth District Court in Helena found that the elimination of medicaid payment for eyeglasses, hearing aids and dentures was unconstitutional. The department did not appeal the judgment. An earlier decision from the Supreme Court prevented SRS from limiting general assistance payments to able-bodied recipients to two months in any 12-month period.

ASSISTANCE PAYMENT PROGRAM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	52.83	55.75	66.92	66.92
Personal Services	1,498,114.60	1,521,413	1,861,879	1,863,844
Operating Expenses	4,768,742.01	2,240,867	3,514,193	4,025,884
Equipment	538,728.13	423,847	103,891	93,325
Benefits and Claims	56,411,662.34	64,341,528	62,108,860	67,076,941
Total Program Costs	\$63,217,247.08	\$68,527,655	\$67,588,823	\$73,059,994
General Fund	17,644,346.41	16,196,735	18,611,094	19,863,884
Federal & Other Spec Rev Fund	45,572,900.67	52,330,920	48,977,729	53,196,110
Total Funding Costs	\$63,217,247.08	\$68,527,655	\$67,588,823	\$73,059,994
Current Level Services	62,610,964.90	67,605,878	62,959,964	64,771,642
Modified Level Services	606,282.18	921,777	4,628,859	8,288,352
Total Service Costs	\$63,217,247.08	\$68,527,655	\$67,588,823	\$73,059,994

Program Description

The staff of the Assistance Payments Program provide aid to eligible households to enable them to meet day-to-day needs. The types of assistance include:

Aid to Families with Dependent Children (AFDC) - provides financial and medical assistance to needy families with children;

General Assistance (GA) - provides financial assistance to needy individuals, childless couples, and families with children who do not qualify for AFDC.

Food Stamps - increases the food purchasing power of eligible low-income families based on household size and income;

Food distribution - provides for the distribution of surplus food commodities;

Community Service Block Grant - distributes funds to counties for social services;

Low-Income Energy Assistance Block Grant (LIEAP) - assists low income-eligible citizens in off-setting some winter heating costs; and

Weatherization Program - weatherizes houses of low-income households.

The Assistance Payments Program receives its statutory authority from Title 53, chapter 2; Title 53, Chapter 3; Title 53, Chapter 4, part 2; and Sections 53-4-101, and 53-6-133, MCA.

Budget Issues

Modified level budget requests cause the Assistance Payments (AP) Program FY90-91 total request to exceed the

FY89 appropriation. The two most expensive modifieds are administration of federal welfare reform and implementation of TEAMS (the economic assistance management system formerly called FAMIS), the on-line automated eligibility determination system that will be installed in all county welfare offices. Current level requests in FY90-91, including caseload growth in AFDC and GA, are less than the FY89 program budget.

FTE rise by 17.17 full time positions over the FY88 appropriated level of 49.75. Again most of the increase is modified level positions to meet new federal requirements for welfare reform (9.00 FTE), the continuation of budget amendments approved during the interim (3.50 FTE), the implementation of TEAMS (1.00 FTE), and extension of food commodity distribution (0.67 FTE). Net changes to current level FTE include the addition of 3.08 FTE in FY88 and 3.50 FTE in FY89. Two FTE were transferred from Vocational Rehabilitation each year. Administrative and Support Services transferred 0.98 FTE in FY88 and 2.00 FTE in FY89. The program moved funds from contracted services to personal services to create an additional 0.50 FTE each year. In FY88 the Assistance Payments program transferred 0.40 FTE to Vocational Rehabilitation and 1.00 FTE in FY89.

Most increases in operating expenses are added by modified budget request which are discussed at the end of the program narrative. Current level operating costs contain small increases for insurance, rent, data processing equipment maintenance contracts and food services expense for the commodity distribution programs. Equipment includes \$90,000 for the purchase of a new semi-tractor each year of the biennium (100% federally funded) and the balance for replacement of office equipment including a color monitor for a VCR.

The food commodities distribution program costs are included in the operating portion of the AP request under contracted services, warehouse rent, maintenance, equipment and personal services. The Temporary Emergency Food Assistance Program (TEFAP) and the Needy Families Program are almost totally federally funded.

Benefit costs are the largest component of the Assistance Payment Program accounting for about 90% of the total

biennium request. Table 3 shows the FY88 expenditures, FY90 and FY91 request by benefit and funding. The largest single benefit is AFDC. Although the combined general fund and county share of AFDC benefits is just under one-third of the total cost, the general fund portion for AFDC is 60% of the total program general fund benefit request. General assistance is the second largest general fund component of the AP budget.

Assistance Payments Table 3
Benefit Expenditure Request by Fund
FY88 Actual to FY91 Requested

Benefit	- - - Budget Request FY90 - - -					- - - Budget Request FY91 - - -			
	FY88 Actual	General Fund	Federal Funds	County Funds	Total Funds	General Fund	Federal Funds	County Funds	Total Funds
Current Level									
AFDC	\$38,419,825	\$10,738,455	\$28,150,683	\$716,496	\$39,605,634	\$11,126,004	\$29,322,619	\$742,355	\$41,190,978
GA	4,490,142	5,292,468			5,292,468	5,504,167			5,504,167
AFDC Day Care	724,044	225,775	557,351		783,126	233,910	580,541		814,451
GA Burials	123,620	129,801			129,801	129,801			129,801
Legal Services	100,000	100,000			100,000	100,000			100,000
Nonresident GA	32,901	50,000			50,000	50,000			50,000
Job Search	675,953		491,752		491,752		491,752		491,752
LIEAP	6,923,760		8,373,513		8,373,513		8,373,513		8,373,513
Weatherization	1,680,730		1,929,121		1,929,121		1,929,121		1,929,121
Exxon/Stripper Well	1,623,809		1,000,000		1,000,000		1,000,000		1,000,000
Community Services									
Block Grant	1,247,570		1,368,164		1,368,164		1,368,164		1,368,164
Training	150,000		157,500		157,500		157,500		157,500
Food Stamps	22,694		31,250		31,250		32,500		32,500
Solar Bank	808		0		0		0		0
Subtotal Current Level	\$56,215,856	\$16,536,499	\$42,059,334	\$716,496	\$59,312,329	\$17,143,882	\$43,255,710	\$742,355	\$61,141,947
Modified Level									
Federal Welfare Reform		\$283,166	\$1,792,974	\$32,597	\$2,108,737	\$873,763	\$4,333,415	\$31,040	\$5,238,218
Rate Increase		4,516	11,147		15,663	4,770	11,839		16,609
Subtotal Modified Level		\$287,682	\$1,804,121	\$32,597	\$2,124,400	\$878,533	\$4,345,254	\$31,040	\$5,254,827
Total Benefits Costs	\$56,215,856	\$16,824,181	\$43,863,455	\$749,093	\$61,436,729	\$18,022,415	\$47,600,964	\$773,395	\$66,396,774

Notes: Current level LIEAP benefits include \$407,424 of state and local administration funding. Current level job search benefits include \$410,475 that did not roll up to total current level program benefits. If those two amounts are subtracted from the subtotal for current level in this table, the amount will tie to total program current level benefits listed in table at the beginning of the program narrative.

Estimated AFDC and GA costs are based on projected caseloads and average payment per case. The graph shows historic and forecasted GA and AFDC caseloads. Between FY82 and FY91, AFDC has risen from a low point of 6,119 cases to an estimated 10,263 cases in FY91, a 5.9% annual rate of change. The number of GA cases increased the most between FY83, the beginning of state assumption of county

welfare programs, to FY86 when caseload growth slowed. The break in the GA graph line shows the GA cases reported by non-assumed counties from FY84 to FY86, the last year SRS collected such data. Table 4 shows the average annual AFDC and GA caseloads, the average payments and total general fund cost.

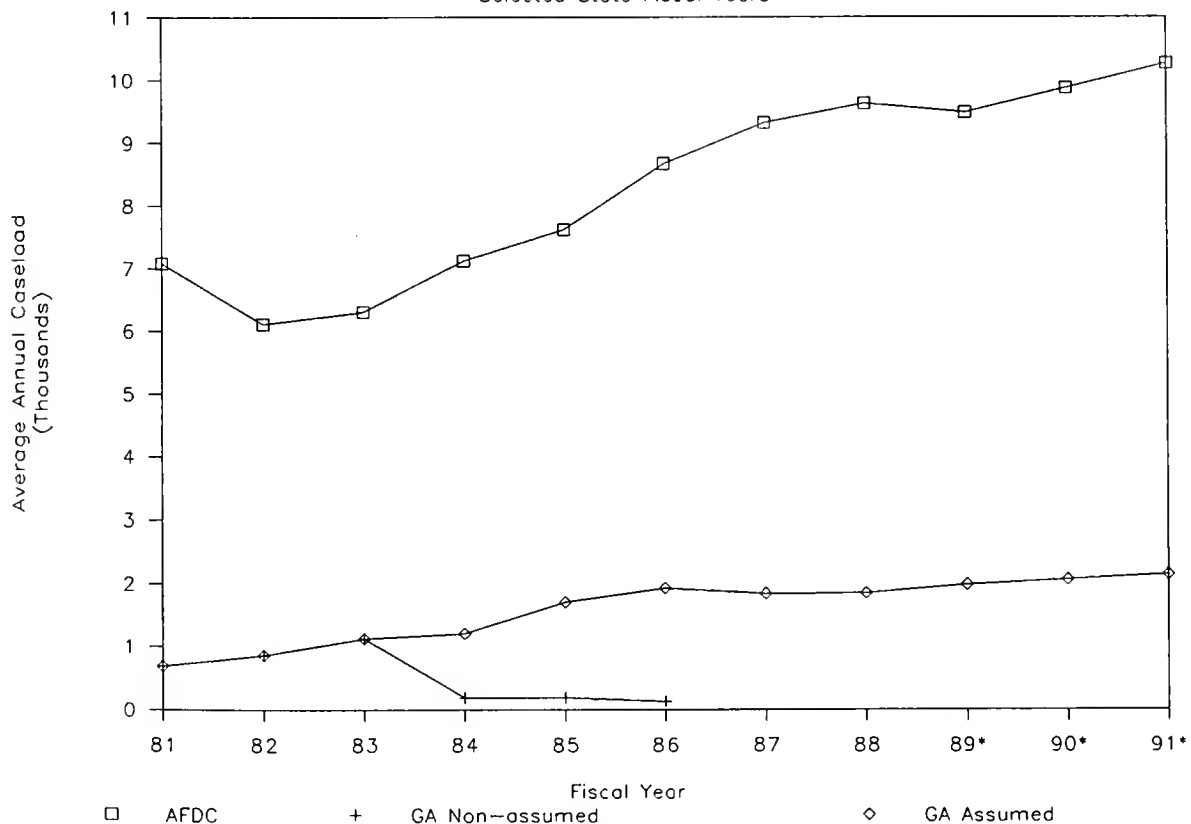
Assistance Payments Table 4
Annual Average AFDC and GA Caseloads and Average Payments
FY81 Actual to FY91 Estimated

Benefit	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89	FY90	FY91
AFDC											
Caseload	7,085	6,119	6,312	7,118	7,622	8,675	9,320	9,628	9,488	9,868	10,263
Payment	\$222.90	\$251.36	\$295.90	\$305.97	\$311.74	\$326.10	\$328.63	\$331.73	\$333.00	\$333.00	\$333.00
GA											
Caseload	693	867	1,125	193	196	139					
Payment	\$96.71	\$115.10	\$135.59	\$120.63	\$132.47	\$135.92					
Assumed County				1,206	1,704	1,929	1,844	1,847	1,982	2,061	2,143
Assumed Payment				\$140.88	\$207.65	\$210.11	\$212.59	\$207.86	\$213.94	\$214.00	\$214.00

In FY86 the state no longer tracked GA payments and cases in nonassumed counties. Years previous to that include all counties.

Annual Average Caseload for AFDC and GA

Selected State Fiscal Years



AFDC caseloads are projected to fall between FY88 and FY89. The decline from FY81 to FY82 was caused by federally-required programmatic changes to eligibility income standards making people ineligible for benefits. The projected decrease in the FY88-89 biennium is the first time that caseloads have fallen for reasons not related to the program eligibility changes.

The FY88 appropriation for AFDC and GA was below actual costs (see Table 5). The department processed a supplemental appropriation of \$1 million (\$300,000 general fund) to cover the shortfall. There are two reasons that the appro-

priation was low. The GA budget for FY88-89 was based on the premise that the department would prevail in a lawsuit before the Supreme Court. The statute limiting GA payments to able-bodied persons to 2 months in a 12-month period was found to be unconstitutional. General fund GA benefit costs were about \$723,000 higher than budgeted in FY88 and are projected to be about \$1.1 million higher than budgeted in FY89. Another factor contributing to an artificially low FY89 benefit appropriation was that both AFDC and GA appropriations were based on a lower payment schedule than the schedule listed in statute for GA (53-3-205, MCA). Because AFDC caseloads were lower than

projected during the session, the general fund deficit was much lower than expected. The actual AFDC average caseload of 9,628 was almost 700 cases lower than the session estimate of 10,305. The FY89 AFDC caseload is expected to

be lower than the session estimate, however, the general fund savings in AFDC is not expected to be sufficient to fund the shortfall in GA.

Assistance Payments Table 5
AFDC and GA Expenditures and Funding
Actual to FY89 Estimated

Benefit/Funding	FY88 Appropriation	FY88 Actual	(Shortfall) Overage	FY89 Appropriation	FY89 Estimated	(Shortfall) Overage	FY90 Request	FY91 Request
AFDC								
Gen. Fund	\$11,033,494	\$11,284,328	(\$250,834)	\$11,413,301	\$10,630,169	\$783,132	\$10,738,455	\$11,126,004
Fed. Funds	26,020,467	26,365,058	(344,591)	29,616,953	26,747,712	2,869,241	28,150,683	29,322,619
Co. Funds	706,113	770,138	(64,025)	730,819	709,273	21,546	716,496	742,355
Total	\$37,760,074	\$38,419,524	(\$659,450)	\$41,761,073	\$38,087,154	\$3,673,919	\$39,605,634	\$41,190,978
GA								
Gen. Fund	\$4,586,618	\$4,490,142	(\$723,475)	\$3,932,568	\$5,079,784	(\$1,147,216)	\$5,292,468	\$5,504,167
Totl. G. Fund	\$15,620,112	\$15,774,470	(\$974,309)	\$15,345,869	\$15,709,953	(\$364,084)	\$16,030,923	\$16,630,171

There are three other benefit costs related to GA including GA burials, legal services contract and nonresident GA. Each of those benefits is fully state funded. The legal services contract with the Montana Legal Services Corporation funds the cost of legal aid for disabled GA clients to file for and qualify for federal supplemental security income (SSI) and medicaid. Nonresident GA funds temporary assistance for up to three days of lodging and food and medical assistance.

AFDC day care is paid for the children of AFDC clients who are attending training programs. Cost increases are tied to anticipated caseload growth.

Job search is the federally-funded match for food stamp job search training. Project work, the job training and job search program for GA clients, is the state's approved food stamp training program. The federal funds match the general fund appropriation in the Department of Labor and Industry budget to operate project work.

LIEAP—the Low-Income Energy Assistance Payments Program—is a federally-funded program to help pay part of the winter heating cost for low-income households. Weatherization is a federally-funded program to pay for weatherization improvements to houses of low-income people.

The Exxon Stripper Well request is \$100,000 of Energy Share, Inc. funding and \$900,000 of the LIEAP energy conservation and assistance account. The funds can be used to weatherize low-income families' homes and to provide heating cost assistance.

Community Services Block Grant is a federal grant to fund county anti-poverty programs originally established by the federal Economic Opportunity Act of 1964. State statute stipulates that the department may use 5% of the grant for administration, 5% may be used for discretionary programs and the balance must be passed on to Human Resource Development Councils.

Training funds are federal funds that pay for training of eligibility technicians. Federal guidelines regarding eligibility for food stamps, AFDC and medicaid change frequently, necessitating staff training.

The Solar Bank program funded improvements to heating systems in homes of low-income families. The program has been discontinued.

Modification Request

Federal Welfare Reform - This modified request adds 9.00 FTE, operating and benefits costs to implement the provisions of federal welfare reform. Three FTE are allocated to the state office to administer the program. Six FTE are added to county eligibility determination—three in assumed (state-administered) counties and three in non-assumed (state-supervised) counties. Benefits costs include extending medicaid and day care to qualified AFDC recipients who receive jobs and contracting with the Department of Labor to provide job service training. The general fund cost of the SRS mod is \$283,166 in FY90 and \$873,763 in FY91. The total cost is \$2,108,737 in FY90 and \$5,238,218 in FY91.

TEAMS - This modification would continue the development and implementation of TEAMS. One FTE and data processing costs are added. The general fund portion of the cost for FY90 is \$612,357 and FY91 is \$692,315. The total cost for this modified is \$1,468,756 in FY90 and \$2,028,757 in FY91.

Continue Operational Plan Changes - During the interim the department has changed the allocation of appropriation authority between categories of expenditure and added FTE through budget amendments for new federal programs. This modification continues 3.50 FTE. Of these 2.50 FTE were added to the warehouse operation for the federally-funded commodity distribution program by moving authority from contracted services to personal services. One FTE was added by budget amendment to utilize an enhanced federal match for skilled professional medical personnel. The general fund cost for FY90 is \$9,296 and for FY91 is \$9,297 while the total cost is \$980,762 in FY90 and \$980,768 in FY91.

Rewrite Contract System - This modification would fund computer programming costs for an automated system to track program contracts for the Assistance Payment and the Medical Assistance programs. Funding is 50% general fund of the total cost of \$30,000 in FY90.

Food Commodities - New federal regulations require state participation in funding the administrative cost of the

TEFAP program. The funding is 100% general fund and covers part of the cost for an FTE to administer the program. The mod costs \$20,000 each year of the biennium.

Needy Family Wyoming Tribes - This modification continues expansion of the needy family commodity distribution

to two Indian tribes in Wyoming originated by budget amendment in FY89. The costs are 100% federally funded and 0.67 FTE is included. Total cost is \$20,604 in FY90 and \$20,609 in FY91.

ELIGIBILITY DETERMINATION PGM Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	401.31	399.40	405.80	405.80
Personal Services	8,197,487.36	8,463,461	8,725,243	8,741,650
Operating Expenses	139,827.57	138,432	143,227	142,754
Equipment	0.00	0	10,329	0
Total Program Costs	\$8,337,314.93	\$8,601,893	\$8,878,799	\$8,884,404
General Fund	2,111,872.53	2,234,149	2,353,129	2,352,622
Federal & Other Spec Rev Fund	6,225,442.40	6,367,744	6,525,670	6,531,782
Total Funding Costs	\$8,337,314.93	\$8,601,893	\$8,878,799	\$8,884,404
Current Level Services	8,231,762.65	8,381,948	8,473,541	8,489,975
Modified Level Services	105,552.28	219,945	405,258	394,429
Total Service Costs	\$8,337,314.93	\$8,601,893	\$8,878,799	\$8,884,404

Program Description

The staff of the Eligibility Determination Program determine eligibility for Aid to Families with Dependent Children, medical assistance programs, the Food Stamp Program, Low-Income Energy assistance, state and county assistance, and the state and county medical assistance.

Budget Issues

This program contains only the personal services and travel costs for eligibility determination staff in county human services offices. Program funding is 52% general fund and 48% federal funds in state-assumed counties and 52% county funds and 48% federal funds in non-assumed counties. Table 6 shows the FY88 total program budget compared to the current and modified level request for assumed and non-assumed counties.

Eligibility Determination Program Table 6
Assumed and Nonassumed County Costs
FY88 Actual and FY90-91 Requested

	FY88 Actual	FY90 Current Request	FY90 Modified Request	FY90 Total Request	FY91 Current Request	FY91 Modified Request	FY91 Total Request
Administration and Funding							
Assumed Counties FTE		200.50	11.00	211.50	200.50	11.00	211.50
General Fund		\$2,245,224	\$107,905	\$2,353,129	\$2,249,924	\$102,698	\$2,352,622
Federal Funds		2,072,514	116,897	2,189,411	2,076,853	111,256	2,188,109
Total Funds		\$4,317,738	\$224,802	\$4,542,540	\$4,326,777	\$213,954	\$4,540,731
Nonassumed Counties FTE		185.25	9.50	194.75	185.25	9.50	194.75
County Funds		\$2,161,018	\$93,837	\$2,254,855	\$1,998,335	\$93,847	\$2,092,182
Federal Funds		1,994,785	86,619	2,081,404	2,164,863	86,628	2,251,491
Total Funds		\$4,155,803	\$180,456	\$4,336,259	\$4,163,198	\$180,475	\$4,343,673
Total Program FTE	401.31	385.75	20.50	406.25	385.75	20.50	406.25
General Fund	\$211,873	\$2,245,224	\$107,905	\$2,353,129	\$2,249,924	\$102,698	\$2,352,622
Federal Funds	6,095,894	4,067,299	203,516	4,270,815	4,241,716	197,884	4,439,600
County Funds	2,026,548	2,161,018	93,837	2,254,855	1,998,335	93,847	2,092,182
Total Funds	\$8,334,315	\$8,473,541	\$405,258	\$8,878,799	\$8,489,975	\$394,429	\$8,884,404

The 1987 Legislature authorized 388.55 FTE for the program. The intent was that non-assumed counties could

request increased eligibility determination staff through the budget amendment process, but that any FTE added by

budget amendment would be deleted in counties opting to become state assumed. During the interim 12.76 FTE were added by budget amendment in FY88 and 10.85 in FY89.

Current level FTE are reduced by 3.25 FTE that had not been filled since June 30, 1987. Modified level FTE include 11 new eligibility technicians (ET's) for state-assumed counties and continuation of 9.50 FTE in non-assumed counties

that were added by budget amendment. Travel costs were held constant at FY88 actual.

The 11.00 new FTE will stabilize caseload per ET at about 310 cases, the FY88 level (see Table 7). In spite of adding new staff, ET's in state-assumed counties carry a larger caseload than their counterparts in non-assumed counties.

Eligibility Determination Program Table 7
Comparison of Cases Per Eligibility Technician in Assumed and Nonassumed Counties
FY84 to FY91

Administration and Staffing	FY84	FY85	FY86	FY87	FY88	FY89	FY90	FY91
Assumed Counties								
Caseload	26.020	27.740	31.512	33.417	33.518	34.591	35.698	36.840
Eligibility Techs	91.40	93.25	97.35	98.25	98.25	98.25	109.25	109.25
Eligibility Investigators			8.00	8.00	10.00	10.00	10.00	10.00
Total Staff	91.40	93.25	105.35	106.25	108.25	108.25	119.25	119.25
Cases per FTE	285	297	299	315	310	320	299	309
Nonassumed Counties								
Caseload	20.687	22.276	22.034	24.740	24.571	24.399	24.228	24.058
Eligibility Techs	84.55	82.20	80.05	89.35	85.30	85.30	85.30	85.30
Eligibility Investigators			9.75	9.00	10.75	10.75	10.75	10.75
Total Staff	84.55	82.20	89.80	98.35	96.05	96.05	96.05	96.05
Cases per FTE	245	271	245	252	256	254	252	250

Source: Department of Social and Rehabilitation Service, May 31, 1988.

Modification Request

State-assumed Staff - Eleven new eligibility technicians are added in state-assumed counties. The staffing ratio is geared to maintain the FY88 caseload to staff ratio. The request includes funds for office equipment and communications expenses. Funding is 52% general fund and 48% federal

funds. This modification is one that was recommended in the top 11 priorities for the Priorities for People process. The total cost is \$224,802 in FY90 and \$213,954 in FY91.

Continuation of Budget Amendments - This mod would allow the continuation of 9.50 FTE added in non-assumed county offices through budget amendment. Funding is 52% county and 48% federal of the total cost of \$180,456 in FY90 and \$180,475 in FY91.

ADMINISTRATIVE & SUPPORT SVS
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	72.22	71.20	72.20	72.20
Personal Services	1,848,769.92	1,902,811	1,871,654	1,875,632
Operating Expenses	974,117.93	980,170	1,137,762	1,014,638
Equipment	22,660.95	19,062	10,691	30,464
Total Program Costs	\$2,845,548.80	\$2,902,043	\$3,020,107	\$2,920,734
General Fund	956,379.01	1,205,143	1,028,327	975,256
Federal & Other Spec Rev Fund	1,889,169.79	1,696,900	1,991,780	1,945,478
Total Funding Costs	\$2,845,548.80	\$2,902,043	\$3,020,107	\$2,920,734
Current Level Services	2,845,548.80	2,902,043	3,002,610	2,903,231
Modified Level Services	0.00	0	17,497	17,503
Total Service Costs	\$2,845,548.80	\$2,902,043	\$3,020,107	\$2,920,734

Program Description

The Administration and Support Service staff provide overall direction of the agency and support services, such as fiscal, data processing, general services and word processing. The administrative organization of the department is established in Sections 2-15-112, 2-15-2201, and 53-2-201, MCA.

Budget Issues

Increases in contracted services, rent, postage, insurance, grounds maintenance fees and equipment cause the FY90-91 budget request to be above the FY88 actual operating expenditures. Some of the base adjustments reflect the cost of services provided by agencies such as filing fees paid to the Secretary of State, payroll service fees for the State Auditor's Office, the audit performed by the Legislative Auditor and state insurance managed by the Department of Administration.

Total FY90-91 FTE fall by one position from the appropriated level of 73.20. The program transferred 0.98 FTE to the Assistance Payments Program in FY88 and 2.00 FTE in FY89. One FTE is added in a modified request.

The program received base adjustments to postage of about \$10,000 in FY88 and \$15,000 in FY89 for inflation and to cover caseload-related mail increases. The main frame computer processing cost of using Panvalet software was also added. Federally-funded payroll service fees increased about

\$6,000, filing fees for rules rose about \$3,500 annually, the legislative audit increased about \$13,000 and insurance rose about \$33,700 in FY90 and \$40,300 in FY91. Out of state travel was raised \$2,717 each year to fund current level travel for the director that was paid by private organizations in the base year and for a division administrator to attend national meetings. However, the FY90-91 travel request is still below the amount budgeted for FY89.

Equipment purchases include a replacement personal computer in FY90, and a mail labeling machine and two high mileage automobiles in FY91. Other office equipment in the request includes desk chairs, printing calculators, a correcting typewriter, a tape recorder and a replacement VCR.

Several items in the request are 100% federally-funded including payroll services fees and the federal share of indirect costs. The balance of the program is funded at 36.01% general fund, 54.33% federal funds and 9.66% county funds. This split uses the FY88 actual funding proportions.

Modification Request

Administrative Support - This modification contains 1.00 FTE comprised of two half-time positions for a data entry operator II and a purchasing and supply officer I. Workload increases have necessitated adding the positions. Funding is 36.01% general fund of the total cost of \$17,497 in FY90 and \$17,503 in FY91.

STATE ASSUMED COUNTY ADMIN.
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	.00	.00	.00	.00
Operating Expenses	1,309,372.56	1,242,314	1,081,737	1,123,662
Equipment	36,483.99	15,262	19,446	16,019
Total Program Costs	\$1,345,856.55	\$1,257,576	\$1,101,183	\$1,139,681
General Fund	881,125.56	918,972	661,706	702,130
Federal & Other Spec Rev Fund	464,730.99	338,604	439,477	437,551
Total Funding Costs	\$1,345,856.55	\$1,257,576	\$1,101,183	\$1,139,681
Current Level Services	1,345,856.55	1,257,576	1,101,183	1,139,681
Total Service Costs	\$1,345,856.55	\$1,257,576	\$1,101,183	\$1,139,681

Program Description

The State Administration Program accounts for all administrative costs (operating expenses and equipment except personal services, travel, and per diem), in the state-administered counties. These costs were prior to State Assumption, accounted for in the county billing procedure.

Budget Issues

This program contains only operating costs for administration of state-assumed county offices attributable to the SRS staff and programs. The balance of operating costs for the offices was moved to the Community Services Program (CSP) in the Department of Family Services (DFS). Personal

services costs for state-assumed counties are in the Eligibility Determination Program in SRS and CSP in DFS.

Operating expenses in this program decrease as some of the authority and related costs are transferred to the Department of Family Services. Employees of two different departments work in state-assumed county human services offices, necessitating the transfer of spending authority related to those employees from SRS to DFS. Table 8 shows the FY88 actual costs and the split between DFS and SRS and the total FY90-91 budget request. Costs that could be clearly identified with program authority in either DFS or SRS were budgeted in that department. Other costs were allocated based on each department's respective percent of total staff in state-assumed counties.

State-Assumed County Administration Table 8
Allocation of Costs Between SRS and DFS
FY88 Actual and FY90-91 Requested

Expenditure	FY88 Actual	FY90 DFS	FY90 SRS	FY90 Total	FY91 DFS	FY91 SRS	FY91 Total
Contracted Services	\$437,938	\$6,939	\$506,422	\$513,361	\$6,939	\$548,770	\$555,709
Supplies	82,157	32,215	49,942	82,157	34,760	46,330	81,090
Communications	260,904	74,421	198,597	273,018	117,307	154,369	271,676
Travel	71	71	0	71	71	0	71
Rent	501,221	189,037	312,184	501,221	189,037	312,184	501,221
Utilities	700	300	400	700	300	400	700
Maintenance	24,291	9,221	15,070	24,291	9,221	15,070	24,291
Other	2,092	967	1,108	2,075	967	1,108	2,075
Equipment	36,483	13,663	19,446	33,109	13,663	16,019	29,682
Total Expenditure	\$1,345,857	\$326,834	\$1,103,169	\$1,430,003	\$372,265	\$1,094,250	\$1,466,515

Several contracts for pricing and verification of state medical claims form the largest single expenditure in contracted services. State medical contracts are expected to increase as caseloads grow over the coming biennium. Total increases for all state medical contracts are about \$60,000 in FY90 and \$100,000 in FY91. Other contracts for food stamp issuance are held at FY89 actual.

Postage costs were inflated at 10.23% and the cost of lease/purchase of communications equipment for the Mis-

soula office was added. Otherwise all other operating costs were held at the FY88 actual expenditure.

Program funding is general and federal funds. Some costs are 100% general fund such as state medical contracts—\$222,230 in FY90 and \$264,580 in FY91. Other contracted services costs are split 50% state and 50% federal. The balance of the program is 52% state funds and 48% federal funds, the actual split for FY88.

MEDICAL ASSISTANCE
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	31.99	32.99	35.49	35.49
Personal Services	881,421.95	918,922	1,016,958	1,018,478
Operating Expenses	1,869,072.00	3,380,399	2,449,305	2,433,090
Equipment	51,156.62	1,700	2,700	2,700
Benefits and Claims	152,783,128.18	170,970,267	183,020,600	189,972,003
Total Program Costs	\$155,584,778.75	\$175,271,288	\$186,489,563	\$193,426,271
General Fund	44,551,866.24	47,932,079	48,260,095	50,362,885
State Special Revenue Fund	7,168,000.00	7,349,000	6,907,000	7,030,000
Federal & Other Spec Rev Fund	103,864,912.51	119,990,209	131,322,468	136,033,386
Total Funding Costs	\$155,584,778.75	\$175,271,288	\$186,489,563	\$193,426,271
Current Level Services	155,584,778.75	175,245,440	175,362,607	179,421,675
Modified Level Services	0.00	25,848	11,126,956	14,004,596
Total Service Costs	\$155,584,778.75	\$175,271,288	\$186,489,563	\$193,426,271

Program Description

Under Title XIX of the Social Security Act, the staff of the Medical Assistance Program administer the Medicaid Program, which includes the Home and Community Based Service Program, for needy individuals and families. Statutory authority for the program is provided for in Title 53, Chapter 6, MCA.

Budget Issues

Actual FY88 expenditures for the Medical Assistance Program were about \$4.7 million less than the appropriation. Two contributing factors were lower than estimated primary care medicaid benefits and reduced expenditures in contracted services.

The 1987 Legislature authorized 31.99 FTE for this program. FY89 FTE increase by one position from a budget amendment to add a utilization control nurse. The position is continued in the 1991 biennium in a modified request in the Assistance Payment Program and 4.00 FTE are added in a modified request to implement OBRA. A 0.50 FTE clerical position that had been vacant since June 30, 1987 is deleted from the current level.

Reductions in some current level operating costs are more than offset by increases in contracted services for the medicaid program. Most contracts cover ongoing functions such as audits of nursing homes, pre-screening for nursing home placement, pricing of medicaid claims, review of the medical necessity of medicaid services, review of the number and types of services received by clients, and computer programming enhancements to the medicaid management information system (MMIS). Some new contracts have been requested including a utilization review for oxygen use; updates for the DRG (diagnostically-related grouping) medicare reimbursement rates adopted and implemented by the agency during this biennium; utilization review for occupational therapy, physical therapy and speech therapy services.

In FY88, the program purchased data processing equipment in order to more efficiently utilize automated medicaid data. The FY90-91 request includes \$2,700 for replacement office equipment.

Benefit costs for this program comprise 98% of the program budget and 60% of the total department budget. Medicaid, specifically primary care, accounts for the single largest expenditure of general fund for any benefit administered by SRS. Table 9 shows the FY88 actual expenditure and the 1991 biennium request for program benefits.

Medical Assistance Table 9
Benefit Expenditure Request by Fund
FY88 Actual and FY90-91 Requested

Benefit	FY88 Actual	----- Budget Request FY90 -----			Total Funds	----- Budget Request FY91 -----			Total Funds
		General Fund	Federal Funds	County Funds		General Fund	Federal Funds	County Funds	
State Medical	\$4,650,670	\$4,823,686	\$0	\$0	\$4,823,686	\$5,035,713	\$0	\$0	\$5,035,713
Medicaid									
Primary Care	79,761,555	21,266,838	69,550,193	6,907,000	97,724,031	21,953,968	71,935,140	7,030,000	100,919,108
Nursing Homes	48,556,943	14,908,579	36,803,453		51,712,032	14,926,585	37,046,203		51,972,788
Institutions	12,997,672		9,862,402		9,862,402		9,877,645		9,877,645
Medicare Buy-In	2,213,278	1,757,156	1,024,661		2,781,817	1,827,442	1,065,648		2,893,090
Elderly Waiver	1,597,367	545,916	1,347,653		1,893,569	561,126	1,392,655		1,953,781
Disabled Waiver	1,220,592	416,899	1,029,160		1,446,059	428,528	1,063,562		1,492,090
Indian Health	1,577,486		1,735,235		1,735,235		1,908,758		1,908,758
DHES Surveys	207,565		190,110		190,110		189,741		189,741
Total	\$152,783,128	\$43,719,074	\$121,542,867	\$6,907,000	\$172,168,941	\$44,733,362	\$124,479,352	\$7,030,000	\$176,242,714

State medical is a 100% state-funded program in state-assumed counties. An analysis of state medical claims made during the 1987 Legislature showed that 60 to 70% of state medical clients also received general assistance and the types of claims paid covered serious medical conditions and accidents. The cost of state medical is projected to increase only slightly over the biennium.

Medicaid primary care covers such services as inpatient and outpatient hospital costs, physicians, other providers, dentists, and drugs. AFDC recipients and aged, blind or disabled persons receiving social security assistance (SSI) are categorically eligible to receive medicaid. Persons whose medical bills exceed income and resource standards can be determined to be medically needy and eligible for medicaid.

The FY88 cost of primary care is estimated to be about \$80 million—\$2 million less than the appropriation. One mitigating factor was lower than anticipated AFDC caseload growth. The department was unable to implement some of the medicaid benefit reductions adopted by the 1987 Legislature. The Ninth District Circuit Court of Appeals held that it was unconstitutional for the department to eliminate payment for eyeglasses, hearing aids, and dentures. However, the department did implement the other cost saving measures adopted by the legislature including: limitation of two non-emergent emergency room visits per recipient per year; pre-admission screen for hospital admission; and an increased co-payment for prescriptions from \$.50 to \$1.00 per prescription.

The 1991 biennium cost is based on the assumption that the AFDC and SSI caseloads will grow about 4% per year from FY88 actual. The projections assume that the number of services used will increase in the same proportion as between FY87 and FY88. The cost of services was held constant. Inpatient psychiatric services for persons under 21, also a primary care benefit, was estimated to cost about \$18 million per year.

The 1987 Legislature added funds to provide a 1.5% annual rate increase to physicians. About one-half the funds appropriated for physician rate increases were used to raise the amount paid for pre- and post-natal care and delivery. The balance of the funds were applied to raising specific fees where medicaid reimbursement was less than 50% of the cost of the service such as immunizations and some surgical procedures.

Payments to nursing homes are the second largest medicaid benefit. The 1987 Legislature added \$936,000 in FY88 and \$1,885,000 in FY89 to fund a 2% rate increase for nursing

homes. The FY88 rate was \$36.49 per day and FY89 is estimated at \$37.60. Table 10 shows the estimated cost of current level nursing home care. The number of medicaid bed days is projected to gradually rise between FY88 and FY91. The estimated increase in the federal match from 68.91% in FY88 to 71.28% in FY91 is enough to cause the general fund cost for nursing home care to fall.

Medical Assistance Table 10
Nursing Home Beds
FY88 Actual and FY89 to 91 Projected

Fiscal Year	Num. of Beds	Bed Days	Cost per Day	Total Cost	General Fund
1988	6,804	3,840	\$36.85	\$48,556,943	\$15,096,572
1989	6,867	3,749	37.60	51,451,276	15,270,739
1990	6,901	3,768	37.60	51,712,032	14,908,579
1991	6,936	3,787	37.60	51,972,788	14,926,585

The SRS request for medicaid reimbursement to state institutions contains only the federal portion of the total cost. The department implemented a recommendation of the Legislative Auditor that the general fund part of the medicaid reimbursement be included in the Department of Institutions budget.

Medicare buy-in is the state payment of the part B premium for supplemental medicare insurance for medicaid clients who are also eligible for medicare. Medicare reimburses about 80% of the cost of medical care for those persons, and medicaid funds the balance. FY88 medicare buy-in costs were about \$206,200 higher than the appropriation. Language in HB2 prevents the department from transferring funds from the major benefit appropriations—primary care, nursing homes, GA and state medical—to any other benefit. That restriction forced the department to process a supplemental appropriation to cover the shortfall even though there was excess authority in the state medical and primary care appropriations.

The medicaid waiver provides in-home and community services to disabled and/or elderly persons who are determined to be eligible for long-term institutional care. The cost of the care must not exceed 100% of the average per diem rate for long-term care in an institution. The 1987 Legislature budgeted 448 total waiver slots with 318 elderly slots and 130

disabled slots. The department was given latitude to allocate funds and slots between the groups and changed the distribution of slots to 270 for elderly and 154 for disabled in July 1988.

The FY90-91 request is based on the FY89 allocation of 270 slots to elderly waiver clients and 154 to disabled clients for a total of 424 slots. The average cost per slot in FY88 was \$5,023 for the elderly and \$9,389 for the disabled. Because the number of disabled slots rises between FY88 and FY89-91, the average cost for a disabled slot falls to \$9,390 in FY90. The FY90 cost for an elderly slot is \$7,013. FY91 costs are \$9,689 for a disabled slot and \$7,236 for an elderly slot.

Indian health is a 100% federally-funded benefit. SRS passes the money to the Bureau of Indian Affairs to fund such services as inpatient and outpatient hospitalization and clinic and home health services for medicaid-eligible Indians. The monies are provided to these reservations: Rocky Boy, Fort Belknap, Crow, Northern Cheyenne and Fort Peck. Federal law stipulates that medicaid funds should be used to pay medical costs before Indian Health Service monies and that clients have freedom of choice in selecting a medical provider, including providers off the reservation.

SRS contracts with the Department of Health and Environmental Sciences (DHES) to survey health care facilities for compliance with medicaid certification criteria and state rules governing medicaid participation. The SRS appropriation for DHES surveys is 100% federal funds as the general fund for the medicaid match is in the DHES budget.

Modification Request

OBRA - Four FTE, operating and benefit costs are requested to implement new requirements for nursing homes. FY91 includes reimbursement for the cost of mandatory nurse aide training and nursing home staff increases. FY91 includes only the cost of staff increases. Training costs will not be reimbursed the second year of the biennium as the skills are considered to be a job requirement after FY90, obtained before a person is employed by a nursing facility. The benefits portion of the request also includes federal funds for DHES medicaid-funded OBRA activities and for the medicaid federal match for state institutional reimbursement. Two FTE are required to perform new utilization review functions and 2.00 FTE are added to

monitor the new long-term care contracts and new sanctions. A contract is added to assess appropriateness of the continued placement of mentally-ill and developmentally-disabled persons in nursing homes. The executive is recommending that language be added to the appropriations act allowing the department to apply for a supplemental appropriation in the event that a nursing home is sanctioned and the department must fund a temporary management team. General fund is \$922,970 of the FY90 cost and \$321,554 of the FY91 cost. The total cost each year is \$3,325,598 in FY90 and \$1,231,791 in FY91.

Catastrophic Coverage Act - This modified request includes state and federal authority to implement the federal Medicare Catastrophic Coverage Act. Benefits are increased to fund expanded medicaid coverage. The state is required to extend medicaid to children under one year old and pregnant women whose incomes do not exceed the federal poverty limit. The state is also required to pay the medicare insurance premiums for medicare-eligible individuals whose income does not exceed the federal poverty limit. The annual cost to extend medicaid to pregnant women and children under one year is \$2,970,646 (about 29% general fund each year) and the balance is to fund the medicare buy-in. General fund provides \$1,453,453 of the FY90 cost and \$2,061,087 of the FY91 cost. The total cost of the modified is \$4,145,550 in FY90 and \$5,340,859 in FY91.

Provider Rate Increases - This request funds a 2% rate increase for state medical and medicaid providers each year of the biennium. The rate increase is applied to the FY90-91 estimated cost of the following benefits: state medical, primary care, nursing homes, institutions, and waiver services. The department may allocate the increase between providers at its discretion. The general fund cost of the modified is \$1,007,906 in FY90 and \$2,096,604 in FY91, with the balance federally funded. The total cost is \$3,525,331 in FY90 and \$7,299,466 in FY91.

OB-GYN - This mod will add \$100,000 per year in benefits to enhance availability of child delivery services in rural areas. The Governor is including this mod in response to the recommendations of the Obstetrical Services Availability Advisory Council. The department will allocate the funds between providers at its discretion. General fund comprises 28.83% of the total cost in FY90 and 28.72% in FY91.

AUDIT AND PRO. COMPLIANCE DIV.
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	38.00	38.00	42.00	42.00
Personal Services	1,002,588.65	979,260	1,054,790	1,056,816
Operating Expenses	151,352.89	153,409	155,816	156,615
Equipment	1,862.85	0	15,820	3,420
Benefits and Claims	120,329.53	148,683	143,926	143,223
Total Program Costs	\$1,276,133.92	\$1,281,352	\$1,370,352	\$1,360,074
General Fund	580,293.76	576,982	613,663	609,044
Federal & Other Spec Rev Fund	695,840.16	704,370	756,689	751,030
Total Funding Costs	\$1,276,133.92	\$1,281,352	\$1,370,352	\$1,360,074
Current Level Services	1,276,133.92	1,281,352	1,285,345	1,285,483
Modified Level Services	0.00	0	85,007	74,591
Total Service Costs	\$1,276,133.92	\$1,281,352	\$1,370,352	\$1,360,074

Program Description

The Audit and Program Compliance Program primarily provides support to SRS through two bureaus - the audit bureau and the Program Integrity Bureau.

The Audit Bureau conducts financial and compliance audits on a statewide basis for the Food Stamp, Developmental Disabilities, Leap and Weatherization, State Assumption, and certain Medicaid Bureau programs.

The responsibilities of the Program Integrity Bureau include federal quality control and state quality assurance reviews of public assistance cases. The Program Integrity Bureau also examines Medicaid claims processing activities to ensure that claims are properly paid. In addition, this bureau handles department recovery activities related to public assistance overpayments and Medicaid third party liability collections (e.g. health and liability insurance). Furthermore, the Program Integrity Bureau is responsible for recipient and medicaid provider fraud and abuse detection, administrative sanctions and the screening of fraud referrals for possible prosecution.

Budget Issues

The FY90-91 annual budget request rises about \$90,000 over FY88 actual expenditures for this program. Most of the growth is due to the modified request and to the increase in the contract with the Department of Revenue for welfare

fraud investigation. The welfare fraud contract is 100% federal funds and is budgeted in benefits and claims.

Budgeted costs rise very little above FY88 actual. Contracted services increase about \$1,200 per year to cover medical consultant case reviews. Funds are requested for the replacement of \$1,000 of office equipment per year. Postage costs increase as expenditures are added to the program budget and removed from the district office budget in the Department of Family Services where such expenditures were paid in FY88. Inflation of 10.23% is applied to postage.

Program funding is based on the number of hours that staff spend reviewing and auditing programs and the respective funding of those programs. The audit function is funded at and 61.52% general fund, and 38.48% federal funds, and the program compliance function is funded at 44.34% general fund and 55.66% federal funds. Benefits are 100% federal funds.

Modification Request

The modified request adds 4.00 FTE—two clerical positions to be allocated part-time in field offices and two third party liability investigators. The investigators are necessary to meet new federal guidelines. State funds are budgeted at 50% of the total cost of \$85,007 in FY90 and \$74,591 in FY91.

VOCATIONAL REHABILITATION PGM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	77.01	77.40	77.40	77.40
Personal Services	1,686,611.78	1,812,927	1,870,033	1,872,717
Operating Expenses	427,752.74	474,840	558,138	553,328
Equipment	12,947.44	7,210	10,742	7,463
Benefits and Claims	5,069,704.81	5,388,088	5,256,309	5,463,544
Total Program Costs	\$7,197,016.77	\$7,683,065	\$7,695,222	\$7,897,052
General Fund	556,009.09	702,955	976,162	1,037,502
State Special Revenue Fund	906,849.01	1,196,383	1,001,776	960,005
Federal & Other Spec Rev Fund	5,734,158.67	5,783,727	5,717,284	5,899,545
Total Funding Costs	\$7,197,016.77	\$7,683,065	\$7,695,222	\$7,897,052
Current Level Services	6,982,016.77	7,478,399	5,623,952	5,461,384
Modified Level Services	215,000.00	204,666	2,071,270	2,435,668
Total Service Costs	\$7,197,016.77	\$7,683,065	\$7,695,222	\$7,897,052

Program Description

The Vocational Rehabilitation Program provides services to vocationally-handicapped persons of employable age to restore them to gainful work. Program emphasis is serving the severely disabled. Services include: diagnostic evaluation, vocational training, physical restoration, counseling, job placement and follow up.

This program also provides extended employment services to help severely disabled persons who require a sheltered employment setting.

Independent living services are provided to those persons who are too severely disabled to benefit from employment training and services.

Supported employment services are provided to severely disabled persons who require ongoing support to maintain employment in a regular work setting. Statutory authority is in Title 53, Chapter 7, MCA.

Budget Issues

The Vocational Rehabilitation Program current level request represents about one half of the total section 110 benefits funded in the 1989 biennium. The FY90-91 current level request combined with the modified request to replace Industrial Accident Rehabilitation Account (IARA) funds continues the FY88-89 level of service. A portion of the current level program was separated into a modified budget request in order to show a change in funding. The change

would add about \$610,000 general fund over the biennium to replace declining IARA benefits funding and would allow the expenditure of IARA funds for program administration if current statutes are amended.

The 1987 Legislature authorized 73.80 FTE for this program each year of the 1988 biennium. In FY88, the program transferred 0.25 FTE to Visual Services and received transfers of 1.26 FTE from Visual Services and 0.40 FTE from Assistance Payments. An operational plan change moved funds from benefits to personal services and operating to add 1.80 FTE in FY88 to administer the Montana Supported Employment Demonstration (MSED) project that had initially been slated for operation by Montana State University. In FY89, 3.00 FTE were added to administer MSED. Inter-program transfers added a net 0.35 FTE from Assistance Payments and 0.25 FTE from Visual Services. FY90-91 FTE include the 3.00 FTE for (MSED) and the net 0.60 FTE transferred during FY89.

Current level operating costs increase as several programs were operational for only part of the FY88 base year. MSED, a 100% federally-funded project, and SB315 worker's comp panels, funded by worker's compensation funds, were not fully staffed until the later part of 1988. Table 11 shows current level cost of administration and respective funding by subprogram. The amount included in Table 11 for section 110 administration is short 2.00 FTE and operating costs authorized by the 1987 Legislature. Those FTE and operating costs are included in a mod to show a change in funding of current level services.

Vocational Rehabilitation Program Table 11
Operating Costs by Funding Source
FY88 Actual and FY90-91 Requested

Expenditure/Funding	FY88 Actual	FY90 Total	FY91 Total
FTE	77.01	75.40	75.40
Personal Services	\$1,686,612	\$1,826,417	\$1,829,097
Operating Costs	427,753	446,252	447,475
Equipment	12,947	3,433	154
Total Cost	\$2,127,389	\$2,276,102	\$2,276,726
General Fund			
Section 110	\$385,674	\$377,390	\$378,123
Inserv Training	1,991	1,994	1,995
Independ Living	3,296	3,812	3,799
Worker's Comp.	41,846	89,197	86,845
Federal Funds			
Section 110	1,542,695	1,536,225	1,539,156
Inserv Training	17,917	17,950	17,952
Independ Living	30,956	34,310	34,195
MSED	67,382	149,804	149,058
Title 6	35,555	65,420	65,603
Total Funds	\$2,127,312	\$2,276,102	\$2,276,726

Table 12 shows the cost of all program benefits except section 110. Benefits requests are at or below FY89 budgeted.

Extended employment continues services to disabled people who need prolonged assistance to remain employed. The program is 100% general fund.

Vocational Rehabilitation Program Table 12
Selected Current Level Benefits
FY88 Actual, FY89 Budgeted and FY90-91 Requested

Benefit and Funding	FY88 Actual	FY89 Budget	FY90 Request	FY91 Request
Extended Employment				
General Fund	\$276,019	\$269,095	\$269,095	\$269,095
Independent Living				
General Fund	29,845	29,019	24,902	27,102
Federal Funds	268,752	261,171	224,117	243,917
Social Security Trust Fund				
General Fund	10,689			
Federal Funds	56,918	102,378	102,378	102,378
Supported Employment				
Federal Funds	153,154	228,977	209,467	236,801
Job Training Partnership Act				
Federal Funds	324,787	333,000	333,000	333,000
MSED				
Federal Funds	355,789	471,517	226,556	236,030
Total Expenditures	\$1,475,953	\$1,695,157	\$1,389,515	\$1,448,323
General Fund	\$316,553	\$298,114	\$293,997	\$296,197
Federal Funds	1,159,400	1,397,043	1,095,518	1,152,126
Total Funds	\$1,475,953	\$1,695,157	\$1,389,515	\$1,448,323

Independent living is a federally-funded program requiring a 10% state match. Services are provided to individuals who

are too severely disabled to qualify for regular federal vocational rehabilitation programs. Funds can be used to pur-

chase adaptive equipment, modify living facilities, offer public education and develop self advocacy.

Job Training Partnership Act (JTPA) funds classroom training for disabled adults. These funds are 100% federal.

The Human Services Joint Appropriation Subcommittee intended to review two supported employment benefit programs authorized for FY88-89 in the 1991 biennium request. Those two programs are supported employment and the MSED project. Both are 100% federally funded and established by the Federal Rehabilitation Act—supported employment from Title 6C and MSED from Title 3. MSED is a special demonstration project in place in only 27 states. The project is to be a catalyst for systems change to allow severely-disabled people access to community-based jobs as

a priority. The project funds administration and services for disabled people. Supported employment (Title 6C) is an ongoing benefit that funds services such as job coaches. It is slated to continue beyond the MSED demonstration grant.

Table 13 shows the cost and funding of section 110 administration and benefits. Actual FY88 and FY89 budgeted expenditures are significantly higher than the FY90-91 current level request because part of the current level services were included in a modified request to show a change in funding. The FY90-91 current level request represents only 54% of the FY89 section 110 benefit appropriation. The total FY90-91 request (including the modified to replace worker's comp funds) is comparable to FY88-89 current level section 110 benefits.

Vocational Rehabilitation Program Table 13
Section 110 Current Level Services and Modified Funding
FY88 to FY91

Cost/Funding	--- FY90 ---					--- FY91 ---				
	FY88 Actual	FY89 Budgeted	Current Level	Modified Level	Total Request	Funding w/o Worker's Comp Admin.	Current Level	Modified Level	Total Request	Funding w/o Worker's Comp Admin.
FTE	0	0	67.00	2.00	69.00		67.00	2.00	69.00	
Personal Services	\$1,553,091	\$1,551,911	\$1,618,224	\$43,616	\$1,661,840		\$1,620,513	\$43,620	\$1,664,133	
Operations	366,813	356,309	295,391	111,886	407,277		296,766	105,853	402,619	
Equipment	8,465	3,810	0	7,309	7,309		0	7,309	7,309	
Administration	\$1,928,369	\$1,912,030	\$1,913,615	\$162,811	\$2,076,426		\$1,917,279	\$156,782	\$2,074,061	
Benefits	3,593,752	3,632,976	1,958,335	1,674,641	3,632,976		1,736,335	1,896,641	3,632,976	
Total Program	\$5,522,121	\$5,545,006	\$3,871,950	\$1,837,452	\$5,709,402	\$5,709,402	\$3,653,614	\$2,053,423	\$5,707,037	\$5,707,037
Total Funding	\$5,522,121	\$5,545,006	\$3,871,950	\$1,837,452	\$5,709,402	\$5,709,402	\$3,653,614	\$2,053,423	\$5,707,037	\$5,707,037
General Fund	385,674	403,341	403,657	259,516	663,173	1,063,468	404,390	302,833	707,223	1,071,875
Worker's Comp	865,004	1,118,170	365,400	539,871	905,271	365,400	321,000	539,256	860,256	321,000
Federal Funds	4,271,443	4,023,495	3,102,893	1,038,065	4,140,958	4,280,534	2,928,224	1,211,334	4,139,558	4,314,162

The number of referrals of injured workers eligible to use IARA monies to fund vocational rehabilitation decreased in the 1989 biennium and is projected to continue to decline in FY90-91. Worker's comp funds have been used to provide the 20% state match for federal section 110 benefit funds. The federal funds are used to pay for rehabilitation services for any eligible injured person. In order to offset the loss of IARA funds and to continue to provide the same level of service as authorized in FY88-89, the administration is proposing to increase general fund and to amend current statutes to use IARA funds to pay a proportionate share of administrative costs.

Beginning in federal fiscal year 1990, a state will be required to maintain a level of section 110 funding equal to the average provided in the prior three federal fiscal years. SRS has determined that the level of effort for Montana would be about \$1.2 million.

Modification Request

Replace Worker's Compensation Funds - Under current law IARA funds can be used only to fund vocational rehabilitation benefits. This mod is predicated on an amendment to allow worker's comp funds to pay a proportionate share of program administration costs. An estimated 26% of all VR cases in FY88 were funded by IARA funds. This mod adds worker's comp funds equal to 26% of the FY90-91 section 110 administration costs. The mod also adds general fund to cover part of the decrease in IARA funding for section 110

benefits. If the mod is not accepted, drastic cuts in program administration and benefits will be necessary. General fund equals \$259,963 in FY90 and \$302,944 in FY91. Worker's comp funds total \$537,970 in FY90 and \$539,364 in FY91. The balance of funds are federal. Total cost is \$1,039,850 in FY90 and \$1,211,777 in FY91. This modification was one of the top 11 issues recommended by the Priorities for People process.

Provider Rate Increases - This modified budget request funds a 2% rate increase to program service providers. The department will allocate the increase between providers at its discretion. The general fund cost is \$13,186 in FY90 and \$28,288 in FY91. The balance of the cost is IARA and federal funds. Total cost is \$100,452 in FY90 and \$204,266 in FY91.

Supported Employment - Benefits are increased by \$50,000 each year of the biennium. The additional authority will allow the department to fund continued supported employment placements for severely-disabled persons. The modification is 100% federal.

Migrant Workers - This modified will allow the department to continue a program started by budget amendment during the interim. Service referrals and vocational rehabilitation counseling are provided for migrant workers. The funding is 100% federal. The total cost is \$83,366 in FY90 and \$127,979 in FY91.

DISABILITY DETERMINATION PGM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	44.13	44.13	44.13	44.13
Personal Services	1,247,123.40	1,220,214	1,323,057	1,324,237
Operating Expenses	1,052,548.51	1,075,397	1,186,369	1,189,268
Equipment	13,602.84	258,600	83,280	14,000
Benefits and Claims	53,810.00	75,891	68,000	68,000
Total Program Costs	\$2,367,084.75	\$2,630,102	\$2,660,706	\$2,595,505
Federal & Other Spec Rev Fund	2,367,084.75	2,630,102	2,660,706	2,595,505
Total Funding Costs	\$2,367,084.75	\$2,630,102	\$2,660,706	\$2,595,505
Current Level Services	2,367,084.75	2,377,937	2,660,706	2,595,505
Modified Level Services	0.00	252,165	0	0
Total Service Costs	\$2,367,084.75	\$2,630,102	\$2,660,706	\$2,595,505

Program Description

The Disability Determination Program determines disability of Montana citizens who apply for Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) disability benefits.

The SSDI Program is intended to provide benefits only to those insured individuals (and qualified dependents) who become unable to work because of an illness or injury expected to last for at least 12 months or which may cause death.

The SSI Program is intended to provide an income floor to those disabled individuals eligible from an income and resource level who become unable to work because of an illness or injury which is expected to last for at least 12 months or which may cause death.

Face to face hearings are conducted prior to termination of benefits for disabled beneficiaries receiving SSDI/SSI benefits.

Budget Issues

The FY90 current level operating budget request for the Disability Determination Program (DDP) increases about \$280,000 over FY88 actual expenditures. The program is regulated by federal rules and guidelines, and almost entirely

federally funded. A small part of program revenue is derived from a contract with the Medical Assistance Program, requiring a general fund match. The actual FY88 amount was \$40,727 and the medicaid budget request includes \$70,000 (\$20,181 general fund) in FY90 and \$75,000 (\$21,540 general fund) in FY91. The DDP provides medical examinations for state medical recipients to determine if they would be eligible for medicaid.

The actual vacancy savings rate for this program was 0.73% in FY88. That rate was applied to personal services cost in FY90 and FY91 as well.

The major areas of increase in the budget request are contracted services (about \$105,000), travel (about \$26,000), benefits and claims (about \$15,000) and equipment (about \$70,000 in FY90). Contracted services costs rise due to client medical examination cost increases of about \$100,000 annually. A smaller amount of the growth is due to a slight rise in the anticipated cost of a review of the medical fees schedule and non-state data processing expenses.

Travel increases result from federally-required management and training seminars for program operators. Benefits and claims fund client-related travel costs.

Equipment costs include the purchase of data processing equipment and office furniture of the type approved for use system wide by the federal Social Security Administration.

VISUAL SERVICES PRGM Budget Detail Summary	Actual	Budgeted	Recommendation	
	FY 1988	FY 1989	FY 1990	FY 1991
Full Time Equivalent Employees	18.89	18.30	18.30	18.30
Personal Services	467,785.12	489,276	456,148	456,773
Operating Expenses	108,334.83	112,089	106,571	106,109
Equipment	8,796.43	8,115	3,091	3,091
Benefits and Claims	598,276.20	638,443	632,718	641,204
Total Program Costs	\$1,183,192.58	\$1,247,923	\$1,198,528	\$1,207,177
General Fund	272,171.75	275,150	267,525	268,632
Federal & Other Spec Rev Fund	911,020.83	972,773	931,003	938,545
Total Funding Costs	\$1,183,192.58	\$1,247,923	\$1,198,528	\$1,207,177
Current Level Services	1,048,309.68	1,033,147	990,077	990,240
Modified Level Services	134,882.90	214,776	208,451	216,937
Total Service Costs	\$1,183,192.58	\$1,247,923	\$1,198,528	\$1,207,177

Program Description

The Visual Services Program provides rehabilitation services to blind and visually-impaired individuals. These services include: medical examination, vocational counseling, physical restoration services, job training, job placement, and follow-up services. Special programs offered by Visual Services include the following:

The Visual Services Medical Program provides eye care for medically indigent persons.

Program for Independent Living Skills (PILS) trains newly blinded individuals to live independently.

The Mobility and Orientation Program trains visually-impaired individuals to travel independently.

The Rehabilitation Teaching Program teaches independent living skills.

The Visual Services Program also provides training for hospital and nursing home personnel in working with blind and visually handicapped persons. Statutory authority for the program is in Title 53, Chapter 7 - 3 MCA.

Budget Issues

The total FY90 request for the Visual Services Program (VS) is about \$15,000 higher than FY88 actual program expenditures; FY91 is about \$24,000 higher. However, the general fund portion of the annual budgets for the coming

biennium is lower than FY88 actual and FY89 budgeted. The expansion is due to the modified level request for a federally-funded grant.

Current level FTE are lower than the 1987 legislative appropriation of 19.90 FTE. In FY88, the program transferred 1.26 FTE to the Vocational Rehabilitation (VR) Program and 0.25 FTE was transferred to VS from VR. In FY89, inter-program transfers between the programs reduced FTE in VS by a net of 1.60 FTE. The transfers are included as a part of the current level request making the FY90-91 personal services costs lower than actual FY88 and budgeted FY89 costs.

FY90-91 operating costs include minor adjustments to the base. Computer processing costs rise slightly. Postage costs increase about \$2,500 due to inflation and budgeting postage expenses in SRS programs rather than in DFS district office costs. Contracted services increase about \$400 per year to furnish additional readers for blind MSU students. Other than those adjustments, all other FY90-91 costs were based on FY88 actual expenditures plus inflation.

A small portion of program administration—training of \$4,574—is funded at 90% federal and 10% state. The remainder of administrative costs and section 110 benefits is 20% state funded with the balance federally funded. Table 14 lists current and modified level benefits by source of funding. All current level benefit requests tie to the FY89 budgeted amount.

Visual Services Program Table 14
Total Cost and Funding of Current and Modified Level Program Benefits
1989 and 1991 Biennium

Benefit	FY88 Actual	FY89 Budgeted	FY90 Request	FY91 Request	Total Biennium
Current Level					
Section 110					
General Fund	\$74,646	\$63,380	\$63,380	\$63,380	\$126,760
Federal Funds	298,581	253,518	253,518	253,518	507,036
Visual Medical					
General Fund	73,299	75,696	75,696	75,696	151,392
Job Training Partnership Act					
Federal Funds	9,353	17,000	17,000	17,000	34,000
Extended Employment					
General Fund	7,749	14,673	14,673	14,673	29,346
Independent Living Budget Amendment Federal Funds	134,648				
Subtotal Current Level	\$598,276	\$424,267	\$424,267	\$424,267	\$848,534
General Fund	155,694	153,749	153,749	153,749	307,498
Federal Funds	442,582	270,518	270,518	270,518	541,036
Modified Level					
Independent Living Federal Funds			\$199,965	\$199,965	\$399,930
Provider Rate Increases					
General Fund			1,072	2,146	3,218
Federal Funds			7,414	14,826	22,240
Subtotal Modified Level			\$208,451	\$216,937	\$425,388
General Fund			1,072	2,146	3,218
Federal Funds			207,379	214,791	422,170
Total Benefits	\$598,276	\$424,267	\$632,718	\$641,204	\$1,273,922
General Fund	155,694	153,749	154,821	155,895	310,716
Federal Funds	442,582	270,518	477,897	485,309	963,206

Visual medical and extended employment are 100% state funded. JTPA is a federally-funded benefit. Total annual benefits are about \$200,000 greater than FY89 budgeted due to modified budget requests.

Modification Request

Independent Living - This request extends a federally-funded grant for services to elderly blind or visually-impaired persons. Grant funds are expended for radio pro-

gramming, reading, peer companions, driving and referral services. The request adds \$199,965 in federal authority to benefits each year.

Provider Rate Increases - A 2% per year rate increase is added for service providers. The department may allocate the funds between providers at its discretion. The general fund portion of the mod is \$1,072 in FY90 and \$2,146 in FY91 and the balance is federally funded. Total cost for the request is \$8,486 in FY90 and \$16,972 in FY91.

DEVELOPMENTAL DISAB PROGRAM
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	32.25	32.25	32.25	32.25
Personal Services	929,118.36	917,043	928,826	930,505
Operating Expenses	268,592.64	270,364	284,096	269,187
Equipment	11,354.21	1,773	8,976	1,452
Benefits and Claims	18,187,190.31	18,899,777	19,613,747	20,738,120
Total Program Costs	\$19,396,255.52	\$20,088,957	\$20,835,645	\$21,939,264
General Fund	5,557,803.03	5,783,366	6,580,873	7,083,514
Federal & Other Spec Rev Fund	13,838,452.49	14,305,591	14,254,772	14,855,750
Total Funding Costs	\$19,396,255.52	\$20,088,957	\$20,835,645	\$21,939,264
Current Level Services	19,324,436.52	20,088,957	20,014,287	19,993,533
Modified Level Services	71,819.00	0	821,358	1,945,731
Total Service Costs	\$19,396,255.52	\$20,088,957	\$20,835,645	\$21,939,264

Program Description

The Developmental Disabilities Program exists to assure provision of quality services to Montana Citizens with a developmental disability according to Title 53, Chapter 20, MCA. An array of residential, vocational, family and other services are provided through contracts with local private non-profit corporations. Among those eligible to receive services are persons with mental retardation, cerebral palsy, epilepsy, autism, or those with neurologically handicapping conditions similar to mental retardation that occurs prior to age eighteen.

Budget Issues

The Governor is recommending that the Developmental Disabilities (DD) Program be transferred to the Department of Family Services, based on the direction embodied in the recommendations of the Governor's Advisory Council on the Delivery of Human Services.

The current level budget for DD represents only part of the level of services funded by the 1987 Legislature. A portion of the current level benefits are included in a modified request due to a funding change for the program. Federal Title XX grant funds and the 10% transfer from the LIEAP grant are declining an estimated \$343,360 annually. General fund must be added to the program in order to continue FY88-89 services.

Program FTE remain at the number authorized by the 1987 Legislature. Operating costs rise in contracted services to fund an audit of the DD medicaid waiver that is required once every three years. Additions are also made to fund part-time contract secretarial help for the field offices,

increased data processing and programming costs, and pc maintenance contracts. Postage costs were inflated at 10.23% and the base was increased to account for postage expenditures in the program. During the 1989 biennium postage was paid by the DFS district offices. Equipment includes software upgrades, file cabinets, replacement calculators and a replacement VCR.

Current level benefits decline from FY89 to FY90 as \$343,360 of current level services are included in a modified request to increase general fund. Two sources of federal program funding are declining—Title XX and LIEAP (Low Income Energy Assistance Program). The 1985 Legislature consolidated the Title XX grant funds in DD and offset general fund. Programs that lost Title XX funding were granted equal increases in general fund. In the coming biennium, the Title XX grant is estimated to be \$167,179 lower than the amount received in FY88. The 10% transfer of LIEAP funds is expected to be \$176,181 less than transferred in FY88.

The FY88 LIEAP grant was less than the amount authorized. The department was able to fund the shortfall through a program transfer.

The 1987 Legislature added funds for a 2% annual rate increase for DD service providers. The department passed raised provider rates 2% each year of the biennium.

Table 15 shows the number and types of services provided this biennium. Note that the level of services anticipated for FY90 and 91 can be provided only if the modified request for a DD funding change is implemented. If that modified is denied, 32 developmentally-disabled people will lose all community services now provided to them reducing the number of service slots listed in Table 15.

Developmental Disabilities Table 15
Expansion of DDD Services by Type of Service
FY88 Actual and FY89 Estimated

Service	FY88 Actual	FY88 Expansion	FY89 Expansion	FY89 Total Slots
Adult Group Home	460		8	468
Intensive Group Home	88			88
Children's Group Home	53		4	57
Transitional Living	301			301
Day Services	1,256	27	8	1,291
Specialized Family Care	74	13	8	95
Family Training	480	99		579
Respite	557			557
Supported Work	75	11	27	113
Evaluation and Diagnosis	340			340
Adaptive Equipment	304			304
Transportation	1,150	15	8	1,173
Total Services	5,138	165	63	5,366
Unduplicated Count of Clients Served	2,142			2,339

During FY88 the DD program added 165 service slots. An additional 59 slots are anticipated for FY89. The number of clients served is estimated to increase by 197 between FY88 and FY89.

SRS, the Department of Family Services and the Office of Public Instruction initiated a policy to coordinate services to dually- diagnosed (emotionally disturbed and developmentally disabled) children with the goal to provide more intensive services in state at a lower cost. In FY88, DD placed two dually-diagnosed children in group homes who otherwise would have been placed in out of state treatment facilities at a much higher cost. These children are eligible for services funded by the medicaid waiver. DFS paid the general fund placement cost of those children in FY88 and will pay part in FY89. In the coming biennium, there are six slots for dually-diagnosed children; however, the number could increase.

Modification Request

DD Funding Change - Federal funds that have been used to fund DD benefits and administration are declining. In order to fund the same level of benefits as provided in the 1989 biennium, \$343,360 of general fund must be added to the annual program budget. If this modification is not adopted, 32 developmentally-disabled persons will lose all community

services now provided to them. The total cost of the mod is \$343,360 each year.

Early Intervention - This modification would add state-funded benefits for children 0 to 2 who are developmentally delayed. This program was initiated in FY88 after approval by the 1987 Legislature. In order to receive federal funding in the third and fourth grant years, the state must make a financial commitment to the program. The modification would fund family training and provide some ancillary services such as physical and speech therapy. This request was added due to the recommendation by the Priorities for People process identifying it as one of the top 11 funding priorities. The general fund will allow the state to continue receiving \$335,291 of federal grant funds. The mod is 100% general fund. The cost in FY90 is \$100,000 and in FY91 the cost is \$150,000.

Intensive Care Services - This modified budget request would add three group homes in FY91 for developmentally-disabled persons who require intensive care. General fund equals \$200,000 of the total cost of \$696,379.

Provider Rate Increases - Funds are added to raise DD provider rates 2% per year. The department will allocate the funds between providers at its discretion. General fund provides \$302,274 in FY90 and \$604,544 in FY91. Federal funds cover the balance of the total cost of \$377,998 in FY90 and \$755,992 in FY91.

DEVELOPE DISAB ADVIS COUNCIL
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	6.00	3.51	3.00	3.00
Personal Services	135,221.57	77,213	63,550	63,561
Operating Expenses	56,348.94	44,663	41,450	41,439
Equipment	615.20	100	0	0
Benefits and Claims	199,130.28	195,000	195,000	195,000
Total Program Costs	\$391,315.99	\$316,976	\$300,000	\$300,000
Federal & Other Spec Rev Fund	391,315.99	316,976	300,000	300,000
Total Funding Costs	\$391,315.99	\$316,976	\$300,000	\$300,000
Current Level Services	294,479.66	316,976	300,000	300,000
Modified Level Services	96,836.33	0	0	0
Total Service Costs	\$391,315.99	\$316,976	\$300,000	\$300,000

Program Description

The Montana State Developmental Disabilities Planning and Advisory Council (DDPAC) administers funds paid to the state of Montana to make a significant contribution toward strengthening services for persons with developmental disabilities. In performing this mandate, DDPAC provides advice to the Governor's office, the department, other state agencies, local governments and private organizations on programs and services for persons with developmental disabilities. The council is provided for in Sections 53-20-206 and 2-15-2204, MCA.

Budget Issues

DDPAC is federally funded through the Developmental Disabilities Act of 1984. Montana receives the minimum grant

award of \$300,000. No more than 35 percent of this grant may be spent on administration; at least 65 percent must be spent on benefits.

Actual FY88 includes 3.00 FTE and operating costs funded by a federal grant that expires in FY89. The project includes 0.51 FTE in FY89.

The FY90-91 request allocates \$105,000 to administration each year and the balance of \$195,000 to benefits. Traditionally, the Council has transferred excess administrative funds to benefits.

Types of projects funded by DDPAC include: employment projects, summer camp scholarships, parents' support conferences, epilepsy awareness and projects for individuals who are dually diagnosed as having both an emotional disability and a developmental disability.

Agency Summary Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	558.17	566.98	563.62	562.49
Personal Services	12,845,514.65	13,275,928	13,843,330	13,851,554
Operating Expenses	2,575,611.88	2,629,912	2,805,044	2,757,328
Equipment	121,822.80	219,709	25,916	54,934
Benefits and Claims	15,335,080.97	15,222,237	15,682,913	16,028,693
Transfers	4,903.00	0	0	0
Total Agency Costs	\$30,882,933.30	\$31,347,786	\$32,357,203	\$32,692,509
General Fund	19,570,213.92	20,208,326	20,647,259	20,953,279
State Special Revenue Fund	94,486.84	163,242	195,628	160,640
Federal & Other Spec Rev Fund	11,218,232.54	10,976,218	11,514,316	11,578,590
Total Funding Costs	\$30,882,933.30	\$31,347,786	\$32,357,203	\$32,692,509
Current Level Services	30,512,930.77	30,964,126	31,587,929	31,579,423
Modified Level Services	370,002.53	383,660	769,274	1,113,086
Total Service Costs	\$30,882,933.30	\$31,347,786	\$32,357,203	\$32,692,509

Agency Description

The Department of Family Services is responsible for services to children and youth, and provides community-based services to the elderly, developmentally disabled, and other populations who need social services. The department provides protective services for children, youth and adults who are abused and neglected, aging services designed to enhance the self sufficiency and independence of the elderly, the two state youth correctional institutions, and the aftercare services for youth coming out of these institutional placements.

Budget Issues

The Department of Family Services (DFS) budget request rises \$1.8 million from FY88 actual expenditures to the FY91 request, about 7.2%. General fund increases about \$1 million from FY88 to FY90 and about \$1.3 million to FY91. Modified level requests account for over one half of the increase and reclassification upgrades for social workers, security guards and cottage life attendants add about \$500,000 to personal services cost each year.

The Governor is recommending a reorganization of services for the developmentally disabled on the advice of the Governor's Advisory Council on the Delivery of Human Services. The Developmental Disabilities Program in Social and Rehabilitation Services (SRS), and Eastmont Human Services Center and Montana Developmental Center in the Department of Institutions (DOI) would be transferred to the Department of Family Services. This budget request does not include the reorganization. If it did, the DFS budget would be increased by at least \$36 million each year and the SRS and DOI budgets would show like decreases.

The 1987 appropriations subcommittee intended for the department to have flexibility to reorganize programs that were transferred from the DOI and SRS. The 1991 biennium executive request is based on a slightly different pro-

gram structure than the 1989 biennium budget. The total number of programs in the 1989 budget declined by two—Aftercare and Youth Evaluation—that were combined into the Community Services Program. All program related FTE that were shifted from SRS and Institutions that had central office functions were transferred to Management Support. Personnel located in county, regional and other field offices are assigned to other programs.

The department implemented a regional management structure, dividing the state into five regions. Each region received an allocation for foster care benefit funding in FY89 based on historic expenses and selected population factors. Regional directors authorize expenditure of funds based on local priorities and needs.

The department has adopted a rate model system to determine reimbursement for residential foster care providers, exclusive of foster care families. In FY88, each provider received a 2% rate increase as appropriated by the 1987 Legislature. In FY89, the rate increase will be apportioned between providers whose reimbursement rates are the most disparate from rates determined by the model.

DFS representatives met with personnel from SRS, Institutions, and the Office of Public Instruction to coordinate delivery and payment of services for dually-diagnosed children (developmentally disabled and emotionally disturbed). The agreement resulted in SRS providing services to two children who would have been placed in out-of-state treatment facilities at a much higher cost. The 1991 biennium request continues and expands the number of children served, at a much lower cost than out-of-state alternatives.

The department request includes the anticipated cost of upgrades due to reclassification of social workers, security guards and cottage life attendants. Table I shows the cost of such upgrades by program and funding. General fund provides 90% of the total cost of all upgrades.

Department of Family Services Table 1
Cost and Funding of Classification Upgrades
1991 Biennium

Program/Funding	FY90	FY91	Total Biennium
Community Services	\$311,894	\$312,118	\$624,012
General Fund	269,175	269,368	538,543
Federal Funds	42,719	42,750	85,469
Mountain View School			
General Fund	46,726	46,748	93,474
Pine Hills School			
General Fund	90,751	90,788	181,539
Total Funds	\$449,371	\$449,654	\$899,025
Total General Fund	406,652	406,904	813,556

The executive budget recommendation includes two modified level requests to initiate new community-based services. The first provides about \$810,000 total funds over the biennium to fund new priority community services identified by the state and local Youth Services Advisory councils. These services will help prevent out-of-home placement for some children and will allow more children to be served in-state as opposed to higher cost out-of-state treatment facilities. The second initiative would allow the department to facilitate development of and access to day care resources by providing about \$500,000 of total funding over the biennium.

Passage of the Family Security Act of 1988 (federal welfare reform) impacts the department. The WIN (work incentive program for recipients of Aid to Families with Dependent Children) is replaced by a federally-mandated jobs program. The department will face expanded workloads in day care licensing due to the act.

MANAGEMENT SUPPORT Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	43.66	43.66	43.50	43.50
Personal Services	1,225,236.46	1,241,510	1,265,803	1,268,649
Operating Expenses	639,591.46	665,339	672,062	603,427
Equipment	46,056.96	68,025	9,236	8,618
Benefits and Claims	542.00	0	0	0
Total Program Costs	\$1,911,426.88	\$1,974,874	\$1,947,101	\$1,880,694
General Fund	1,146,425.60	1,532,819	1,442,489	1,393,660
Federal & Other Spec Rev Fund	765,001.28	442,055	504,612	487,034
Total Funding Costs	\$1,911,426.88	\$1,974,874	\$1,947,101	\$1,880,694
Current Level Services	1,892,906.27	1,974,874	1,947,101	1,880,694
Modified Level Services	18,520.61	0	0	0
Total Service Costs	\$1,911,426.88	\$1,974,874	\$1,947,101	\$1,880,694

Program Descriptions

The Management Support Program provides for the overall management and policy development of the department. Support services for the department are also provided which include administrative, fiscal, budget, and data processing services. The director's office is part of this program.

Budget Issues

A reorganization reallocated current level FTE within several programs in the department. Legislative appropriation subcommittee intent was that the department be given wide latitude to restructure its organization as deemed necessary. Management Support Program FTE more than double from the level authorized by the 1987 Legislature as a result of the transfers. Each year of the 1989 biennium a net of 27.16 FTE were moved from the Community Services

Program to Management Support and 1.00 FTE was transferred from the Youth Evaluation Program.

Table 2 shows the operating expenses and funding authorized for each administrative subprogram within Management Support. The Administration subprogram is the largest, accounting for 34.50 FTE and 80% of the budget request. Most operating costs were held at FY88 actual with the following adjustments. Funds were included to separate the foster care data base from other data base systems managed by the Department of Social and Rehabilitation Services, to allow the program on-line access to SBAS, and to make computer programming modifications for federally-required reporting changes. Rent and parking costs rise due to annualization of part-year expenses in FY88. Several base costs were reduced including printing and major maintenance. About \$7,600 of replacement office equipment such as chairs, desks and typewriters is authorized.

Management Support Table 2
Funding of Subprograms
1989 Biennium

Expenditure/ Funding	FY88 Actual	- - - - FY90 - - - Admin. Audit Aging	Total FY90
FTE	43.66	34.50 2.00 7.00	43.50
Personal Services	\$1,225,061	\$1,020,595 \$50,929 \$194,279	\$1,265,803
Operating	621,246	544,096 7,099 120,867	672,062
Equipment	46,057	7,593 0 1,643	9,236
Benefits and Claims	542		
Total Cost	\$1,892,906	\$1,572,284 \$58,028 \$316,789	\$1,947,101
Total Funds	\$1,892,906	\$1,572,284 \$58,028 \$316,789	\$1,947,101
General Fund	1,146,425	1,359,704 18,441 64,344	1,442,489
Federal Funds	502,527	212,580 39,587 252,445	504,612
County Funds	243,954		

Expenditure/ Funding	FY88 Actual	- - - - FY91 - - - Admin. Audit Aging	Total FY91
FTE	43.66	34.50 2.00 7.00	43.50
Personal Services	\$1,225,061	\$1,022,901 \$50,956 \$194,792	\$1,268,649
Operating	621,246	474,889 7,183 121,355	603,427
Equipment	46,057	7,593 0 1,025	8,618
Benefits and Claims	542		
Total Cost	\$1,892,906	\$1,505,383 \$58,139 \$317,172	\$1,880,694
Total Funds	\$1,892,906	\$1,505,383 \$58,139 \$317,172	\$1,880,694
General Fund	1,146,425	1,310,743 18,477 64,440	1,393,660
Federal Funds	502,527	194,640 39,662 252,732	487,034
County Funds	243,954		

In the 1989 biennium the Administration subprogram was funded by a combination of general fund, federal and county funds. In the 1991 biennium, all county funds are budgeted in the Community Services Program. Federal funds in FY90-91 include indirect cost reimbursement and in FY90 the federal portion of legislative audit costs.

When the department was created, it received 5.00 FTE to assign at its discretion. One of the positions was used to provide a directorship for the agency. One half of an FTE was combined with a 0.50 FTE attorney position transferred from SRS to create a full-time attorney position. Three FTE were used to create directors for three of the newly established regions. A part-time accounting clerk was created with the remaining 0.50 FTE.

The Audit subprogram has 2.00 FTE and operating costs necessary to perform program audits required by federal law. All program costs were held at FY88 actual, with some increase due to annualization of partial year rent and parking costs. The funding split is determined by allocation of employee time on each program audit and the respective funding for that program. The funding split is 68.2% federal funds and the balance of 31.8% is general fund.

The Aging subprogram administers all aging benefit programs in the department. Benefit costs are budgeted in the Community Services Program budget. The subprogram has 7.00 FTE. Operating costs were held at FY88 actual except for increases due to annualization of part year costs for parking and rent. Funds are added to replace chairs, file cabinets, a computer monitor and printer. Funding is about 80% federal and 20% general fund.

COMMUNITY SERVICES
Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	327.02	336.29	335.58	334.45
Personal Services	7,389,329.46	7,675,634	8,165,344	8,156,289
Operating Expenses	1,022,248.49	960,601	1,170,552	1,181,907
Equipment	36,105.44	111,591	13,365	22,365
Benefits and Claims	15,334,538.97	15,222,237	15,682,913	16,028,693
Transfers	4,903.00	0	0	0
Total Program Costs	\$23,787,125.36	\$23,970,063	\$25,032,174	\$25,389,254
General Fund	13,937,566.96	14,029,778	14,500,572	14,817,264
State Special Revenue Fund	44,893.75	89,000	141,194	106,181
Federal & Other Spec Rev Fund	9,804,664.65	9,851,285	10,390,408	10,465,809
Total Funding Costs	\$23,787,125.36	\$23,970,063	\$25,032,174	\$25,389,254
Current Level Services	23,446,816.36	23,635,609	24,311,504	24,322,790
Modified Level Services	340,309.00	334,454	720,670	1,066,464
Total Service Costs	\$23,787,125.36	\$23,970,063	\$25,032,174	\$25,389,254

Program Description

The primary and legally-mandated role of the Social Services Program is to provide protective services to ensure the health, welfare and safety of children, the developmentally disabled and elderly who are in danger of abuse, neglect or exploitation. The program also provides supportive services to senior citizens to enable them to maintain their independence; aftercare services to provide community supervision for youths who are released from correctional facilities or committed by the courts; and an evaluation service for 45-day evaluations of youths aged 10-17.

Budget Issues

The Community Services Program (CSP) request grows 6.8% from FY88 actual expenditures to FY90 and about 8.3% to FY91. The bulk of the cost increase is absorbed by federal funds. Costs rise primarily due to modified budget recommendations and social worker reclassification upgrades.

The department reorganized several programs during FY88. The Youth Evaluation and Aftercare programs were added to CSP while central office staff positions in CSP were transferred to Management Support. Overall, FY88 program FTE decreased by 14.53 positions from the level appropriated by the 1987 Legislature. In each year of the 1989 biennium

a net 27.18 FTE were moved from CSP to Management Support. In each year 12.00 FTE were transferred to CSP from the following programs: 1.00 FTE from Mountain View School, 5.00 FTE from Youth Evaluation and 6.00 FTE from Aftercare Services. In FY88, 1.63 FTE were added to fund clerical positions in county offices and 3.90 were added in FY89. Modified budget requests add 2.50 FTE each year of the 1991 biennium.

Operating costs for the program are aggregated from specific expenses and funding sources in several subprograms (see Table 3). The largest is Regional Staff—all staff and operating expenses of county and district offices. Personal services include the classification upgrades for social workers—\$296,531 in FY90 and \$296,741 in FY91. Most operating costs were held at FY88 actual. Some operating costs increased from transfer of base year expenses in state-assumed county human services offices from the Department of Social and Rehabilitation Services (SRS). Such costs were paid in the County Administration Program in SRS during the 1989 biennium. Postage costs were inflated at 10.23% and were reduced by the amount of district office postage expense transferred to programs within SRS. A replacement car is authorized for FY91 and the cost of a telephone lease/purchase is included both years of the biennium. Miscellaneous replacement office equipment is funded each year as well.

Community Services Program Table 3
Operating Expenses and Funding by Subprogram
FY88 Actual and 1991 Biennium Request

Expenditure/ Funding	FY88 Actual	Regional Staff	FY90				WIN	FY90 Total
			Aftercare Group Services	Aftercare Workers	YEP	Children's Trust Fund		
FTE	327.02	313.95	7.00	6.00	5.00		1.13	333.08
Personal Services	\$7,389,335	\$7,667,326	\$147,486	\$163,631	\$106,352	\$0	\$26,030	\$8,110,825
Operating Costs	1,022,259	1,013,699	98,354	11,734	23,416	9,760	458	1,157,421
Equipment	36,105	13,365	0	0	0	0	0	13,365
Total Cost	\$8,447,699	\$8,694,390	\$245,840	\$175,365	\$129,768	\$9,760	\$26,488	\$9,281,611
General Fund	\$5,982,464	\$5,809,299	\$243,040	\$175,365	\$129,768	\$0	\$2,649	\$6,360,121
County Funds	554,941	876,959	0	0	0	0	0	876,959
State Special	9,604	0	0	0	0	9,760	0	9,760
Federal Funds	1,900,690	2,008,132	2,800	0	0	0	23,839	2,034,771
Total Funds	\$8,447,699	\$8,694,390	\$245,840	\$175,365	\$129,768	\$9,760	\$26,488	\$9,281,611

Expenditure/ Funding	FY88 Actual	Regional Staff	FY91				WIN	FY91 Total
			Aftercare Group Services	Aftercare Workers	YEP	Children's Trust Fund		
FTE	327.02	313.95	7.00	6.00	5.00			331.95
Personal Services	\$7,389,335	\$7,683,633	\$147,560	\$163,886	\$106,662	\$0	\$0	\$8,101,741
Operating Costs	1,022,259	1,023,834	99,522	11,880	23,808	9,761	0	1,168,805
Equipment	36,105	22,365	0	0	0	0	0	22,365
Total Cost	\$8,447,699	\$8,729,832	\$247,082	\$175,766	\$130,470	\$9,761	\$0	\$9,292,911
General Fund	\$5,982,464	\$5,839,635	\$247,082	\$175,766	\$130,470	\$0	\$0	\$6,392,953
County Funds	554,941	876,959	0	0	0	0	0	876,959
State Special	9,604	0	0	0	0	9,761	0	9,761
Federal Funds	1,900,690	2,013,238	0	0	0	0	0	2,013,238
Total Funds	\$8,447,699	\$8,729,832	\$247,082	\$175,766	\$130,470	\$9,761	\$0	\$9,292,911

Funding for Regional Staff includes general fund, federal funds, and all county administration funds remitted to the state. The amount of federal participation is about 23% of the total cost. County funds are capped at the amount expended on county administrative costs for community services programs in FY87. The department may adjust the county contribution for inflation, but otherwise it is frozen. In FY88, county administration funds were budgeted in both CSP and Management Support.

The Aftercare Program was reorganized into two separate subprograms and transferred to CSP. The 1991 budget request is based on the FY89 total budget for Aftercare with additions to fund 2% vacancy savings instead of 4%, social worker reclassification upgrades, and inflation. Aftercare was a function transferred from the Department of Institutions when DFS was created. The program had 6.00 FTE and contracted for aftercare group home services. The reorganization discontinued the contracts to fund a transition program in Billings (5.50 FTE) and an independent living program in Missoula (1.50 FTE).

Aftercare funding is largely state funds. However, there is a small estate that produces an estimated \$2,800 of annual interest and income that is included in the FY90-91 request.

The Youth Evaluation Program was reduced by 1.00 FTE transferred to Mountain View School. The remaining 5.00 FTE and operating authority were transferred to CSP. Most operating costs were held at FY88 actual. Social worker upgrades add about \$6,600 to costs each year. Other increases are due to inflation—\$732 in FY90 and \$1,124 in FY91.

The Children's Trust Fund Program receives money from a state income tax check off, divorce fees collected by district courts and a federal grant. Operating costs fund travel, communications and printing costs of an advisory board. The board is attached to DFS; however, department involvement is limited to administrative support for the board.

The Work Incentive Program (WIN) is a work, job search and education program for recipients of Aid to Families with Dependent Children. The program is being phased out and replaced with a jobs program established by the Family Security Act of 1988 (federal welfare reform). WIN continues through the first quarter of FY90 as the executive pro-

poses to initiate a jobs program July 1, 1989. WIN funding is 10% general fund and 90% federal funds.

Benefits comprise the largest share of the CSP budget—almost 63% of the total cost. Table 4 shows the 1989 and 1991 biennium request for all benefits except foster care.

Community Services Table 4
Selected Program Benefits
FY88 Actual, FY89 Budgeted and FY90-91 Request

Benefit	FY88 Actual	FY89 Budgeted	General Fund	FY90 Federal Fund	Total Funds	General Fund	FY91 Federal Fund	Total Funds
Supplemental Security Income	\$838,250	\$919,790	\$847,274		\$847,274	\$847,274		\$847,274
Aging Benefits	4,465,713	4,574,744	613,594	3,984,506	4,598,100	613,594	3,984,506	4,598,100
Alcohol and Drug	180,878	205,000	205,000		205,000	205,000		205,000
Domestic Violence	184,353	185,700	89,868	50,000	139,868	89,868	50,000	139,868
Big Brothers/Big Sisters	162,564	162,570	110,492		110,492	110,492		110,492
Home Health	15,000	15,000	15,000		15,000	15,000		15,000
West Yellowstone	7,150	7,150	5,362		5,362	5,362		5,362
Day Care	633,622	468,761	338,801	288,454	627,255	338,801	288,454	627,255
Subsidized Adoption	109,637	175,531	109,637	89,867	199,504	109,637	89,867	199,504
Child Abuse and Neglect	56,258	81,617		83,731	83,731		83,731	83,731
Refugee	218,473	150,000		150,000	150,000		150,000	150,000
Children's Trust Fund	35,269	75,000		61,434	61,434		61,420	61,420
Total	\$6,907,167	\$7,020,863	\$2,335,028	\$4,707,992	\$7,043,020	\$2,335,028	\$4,707,978	\$7,043,006

Supplemental Security Income (SSI) is the largest general fund benefit listed in the Table 4. It is the state-funded supplement to persons receiving federal Supplemental Social Security Income. The intent of the program is to help people maintain residence in the community rather than placement in an institution. The 1988 federal portion of the payment is \$354 per month for a single recipient with a state supplement ranging from \$26.00 to \$94.00 depending on eligibility. For instance, a developmentally-disabled individual in transitional living would receive a state supplement of \$26.00 per month while a developmentally-disabled individual in a group home would receive a payment of \$94.00.

Federal aging benefits are governed by the Older Americans Act. Benefits include: home-delivered meals, congregate meals, in-home services, and social services. State matching funds are tied to specific benefits such as in-home services, information and referral services and state grant funds. The FY90-91 request holds general fund constant at the FY88 actual expenditure. Federal funds are anticipated to increase.

Alcohol and drug benefits are funded through a \$0.30 tax per barrel of beer. The proceeds are deposited to the general fund, but the amount collected is intended to offset the cost of providing alcohol and drug rehabilitation to indigent youth. The amount of revenue to be raised by the tax is estimated to be \$205,000, the requested level of expenditure.

Domestic violence benefits fund local shelter homes and services for victims of domestic violence. The legislature intended that marriage license fee revenue deposited to the general fund offset the state share of the program cost. Domestic violence benefits are budgeted at the FY88 amount of marriage license fee collections and the anticipated federal grant level.

The legislature intended that Big Brothers/ Big Sisters benefit funding be tied to divorce fee revenue deposited to the general fund. The 1987 Legislature raised the fee by \$100 and allocated 30% to Big Brothers/ Big Sisters and 40% to the Displaced Homemaker Program (Department of Labor

and Industry). The amount budgeted represents the appropriate share of FY88 divorce fee collections.

Home health funds a contract with Lewis and Clark County for in-home services. Historically, the county opted to contract with the department rather than having the department fund a home-attendant position as in other counties. The contract amount was reduced 50% in the 1986 June Special Session and remains at that level in the 1991 budget request.

The West Yellowstone benefit represents the department's cost of a shared human services position in West Yellowstone. The employee manages several human services programs including DFS and Department of Labor and Industry programs.

Day care is provided for children at risk of abuse and neglect. The benefit is used as respite for parents at risk of abuse and as a short-time alternative and preventive measure to long-term foster care. The federal government pays a portion of day care costs of children and families who are eligible for Aid to Families with Dependent Children (IV-E).

Subsidized adoption provides financial assistance to families who adopt hard to place children or children with special needs such as a mental or physical disability. The amount of assistance paid to an adoptive family varies according to the severity of the disability and the financial resources of the family. Payment continues until the child is 18 years old. If a child is IV-E eligible, federal funds pay slightly more than 70% of the subsidy and the state picks up the balance. If the child is an Indo-Chinese refugee, federal funds pay the entire subsidy payment. General fund covers the total cost if a child is not eligible for IV-E or refugee funds. Subcommittee intent was that the department increase the number of IV-E eligible children in subsidized adoption to maximize the use of general fund. During FY88, the department funded 57 IV-E children in subsidized adoption, higher than the 39 estimated in the FY88 budget request. In FY88 there were 31 children in subsidized adoption that were 100% state funded.

Refugee benefits are federally-funded service contracts for Indo-Chinese refugees. Funds can be used for day care, employment referral and social services. The request is based on the FY89 budgeted level.

As a condition of receipt of federal grant funds, Children's Trust Fund benefits must be used for education and activities to prevent child abuse and neglect. The program may not pay for direct services and benefits for individuals. The funding sources are the same as those for administration of the program—state income tax check off revenue, divorce

fees and a federal grant. The level of funding incorporates anticipated revenues and one-half of the trust fund balance that remained at 1988 fiscal year end in each year of the 1991 biennium.

Foster care consumes the most general fund of any benefit in the DFS budget. Table 5 shows the FY88 expenditures, FY89 budget and FY90-91 request by fund. Federal funds pay about 70% of the foster care cost for IV-E eligible children and 100% of the cost of foster care for Indo-Chinese refugees.

Community Services Table 5
Foster Care Funding
FY88 to FY91

Funding	FY88 Actual	FY89 Budget	FY90 Request	FY91 Request
General Fund	\$5,176,608	\$5,108,433	\$5,214,697	\$5,214,697
Federal Funds	2,070,606	1,687,920	1,775,453	1,775,453
County Funds	996,732	1,190,520	996,723	996,723
Total	\$8,243,946	\$7,986,873	\$7,986,873	\$7,986,873

Source: Department of Family Services, October 24, 1988. FY88 federal funds include a budget amendment of \$274,381.

County contributions to foster care benefits were frozen by HB325 passed in the 1987 Legislature. Nonassumed counties pay the lesser of current fiscal year costs or the amount expended for foster care in FY87. The FY90-91 request continues the level of county funds at the actual FY88 amount paid for foster care. The FY89 budgeted county funding is higher than the HB325 ceiling of \$1,139,650 estimated by the department.

Child welfare service (CWS) foster care covers children who are not eligible for IV-E or refugee funds. General fund pays 100% of the cost of CWS children in state-assumed counties. In nonassumed counties, county funds pick up 100% of the expenditure until the cost exceeds the amount paid for foster care in FY87 and then general fund picks up the

shortfall. General fund pays 30% of the cost of IV-E foster care in state-assumed counties and the shortfall not covered by county funds in nonassumed counties.

Third party reimbursements such as insurance and social security payments offset some of the cost of foster care. In FY88, such reimbursements totaled about \$470,000, almost 6% of the foster care benefit expenditure.

Days of foster care by type of service from FY84 to FY88 are shown in Table 6. Total days of care have grown gradually over the last five years. The largest increase between FY87 and FY88 was in foster care family homes. Days of shelter care and group home care were lower in FY88 than in FY87.

Community Services Table 6
Days of Care by Type of Foster Care
FY84 to FY88

Type of Service	FY84	FY85	FY86	FY87	FY88	FY84 to 88 Percent Change
Foster Family Homes	230,044	253,710	264,056	277,279	297,844	29
Shelter Care	15,066	15,452	19,195	21,002	20,047	33
Group Homes	25,369	25,134	27,799	32,319	30,245	19
Instate Treatment	38,331	37,061	47,357	48,177	48,314	26
Out-of-state Treatment	7,090	12,005	10,718	14,461	15,152	114
Total	315,900	343,362	369,125	393,238	411,602	30

Source: Foster care data base.

From FY84 to FY88 the most rapid growth occurred in out-of-state placement; however, the department has been able to slow such growth in FY88 by finding unique community-based alternatives for difficult to place children. DFS and SRS have agreed to jointly fund placements of dually-diagnosed children (emotionally disturbed and developmentally disabled) in the Developmental Disabilities Program in SRS. The agreement provided in-state treatment for two

foster care children who otherwise would have been placed out-of-state at a much higher cost. The current level foster care budget includes the cost of care for such children in the 1991 biennium.

The number of children in out-of-state treatment declined between FY87 and FY88 (see Table 7). The department was able to moderate the rate of growth in out-of-state placement which had shown the largest increase in foster care

services over the last five years. The number of children listed in the table represent all clients and each service they used. A child may be counted as receiving more than one

service in one year. The department does not have an unduplicated count of children by type of foster care service.

Community Services Table 7
Number of Children in Foster Care by Type of Service
FY84 to FY88

Type of Service	FY84	FY85	FY86	FY87	FY88	FY84 to 88 Percent Increase
Foster Family Homes	1,679	1,727	1,760	1,901	1,984	18
Shelter Care	585	646	674	758	817	40
Group Homes	203	199	265	258	305	50
Instate Treatment	182	225	224	229	224	23
Out-of-state Treatment	36	56	48	68	65	81
Total	2,685	2,853	2,971	3,214	3,395	26

Source: Foster care data base.

The FY88 average daily cost for all foster care was about the same as in FY87 (see Table 8). The number of paid days

of foster care per child declined between the last two fiscal years. The average cost per child declined almost \$32.00.

Community Services Table 8
Selected Foster Care Statistics
FY84 to FY88

Average	FY84	FY85	FY86	FY87	FY88
Average Daily Cost	\$16.68	\$17.70	\$20.16	\$21.17	\$21.10
Days Paid per Client	117.65	120.35	124.24	122.35	121.24
Cost per Client	\$1,962.43	\$2,129.94	\$2,504.37	\$2,589.62	\$2,557.75

Source: Foster care data base.

The department has instituted a regional allocation of foster care benefit funding to be expended according to priorities and needs determined at the regional level. The distribution takes into account historical expenditures, the percent of population receiving AFDC, the percent of population aged 0 to 19, and the number of child abuse and neglect referrals. All but 5% of total benefit funds are distributed to the regions. The 5% hold back is reserved to cover the cost of serving the most difficult to place children. If the reserve fund is not fully expended, it may be reallocated to the regions. If necessary, funds may be transferred between regions.

The 1987 Legislature appropriated funds for an annual 2% rate increase for residential foster care providers, not including foster care families. An across the board 2% increase was granted to all residential care providers in FY88. In FY89, the department implemented a model rate system to establish reimbursement rates based on the classification of residential facilities. Classification is tied to the level of supervision and treatment provided. Therefore, facilities that provide comparable services receive comparable reimbursement.

Current level funding for residential foster care treatment covers about 76.25% of the total cost for residential reimbursement calculated by the model rate system. Currently, some facilities receive a higher reimbursement rate than generated by the model while other facilities receive a lower rate. The department in consultation with the Montana Child Care Association agreed that in FY89, the 2% rate increase would be allocated to facilities with the largest dis-

crepancy between the actual and model reimbursement rates.

Modification Request

Day Care Licensing - This modified request adds 2.50 FTE for day care licensing and funds to develop day care resources. The department can use the funds at its discretion to facilitate the development of and access to day care resources. Workload increases and the state involvement in provision of day care mandated under federal welfare reform have necessitated the additional staff. General fund provides \$125,000 of the total annual cost of \$127,650.

Home- and Community-based Services - Funds are included to expand community-based services. The department will allocate the money at its discretion, but will fund priorities identified by state and local Youth Services Advisory councils. The goal of the expansion is to prevent out-of-home placement children. General fund provides over half of the total cost at \$289,926 in FY90 and \$445,826 in FY91. The total cost of the mod is \$303,926 in FY90 and \$509,926 in FY91.

Provider Rate Increases - Consistent with other rate increases in the executive request, this modified would add funds for a 2% annual provider rate increase. The department may allocate funds between providers at its discretion. General fund comprises \$125,800 in FY90 and \$256,560 in FY91. The total cost is \$169,094 in FY90 and \$343,888 in FY91.

In-home Services for the Elderly - In response to recommendations from the Priorities for People process, the Gov-

ernor has added \$50,00 general fund each year of the 1991 biennium to fund additional in-home services for the elderly.

Battered Spouse - HB740 and HB679 passed by the 1987 Legislature imposed fines for domestic abuse crimes. This modified would give the department authority to spend the revenue generated by the two bills. The funding is 100% state special revenue of \$70,000 in FY90 and \$35,000 in FY91.

Dangerous Drug Tax - The 1987 Legislature adopted legislation to impose a tax on persons convicted of dangerous drug offenses (HB791). The bill provided that revenue collected be used to fund the Youth Evaluation and Chemical Abuse Aftercare programs. The executive is recommending that language be added to the appropriations act allowing the department to request a budget amendment to spend these state special revenue funds in the 1991 biennium as such funds become available. The executive did not include any funds in the budget request for dangerous drug tax revenue.

MOUNTAIN VIEW Budget Detail Summary	Actual FY 1988	Budgeted FY 1989	Recommendation	
			FY 1990	FY 1991
Full Time Equivalent Employees	67.99	68.26	65.77	65.77
Personal Services	1,448,999.23	1,571,007	1,545,938	1,548,880
Operating Expenses	277,738.81	325,729	305,574	308,262
Equipment	21,413.33	38,093	0	13,736
Total Program Costs	\$1,748,151.37	\$1,934,829	\$1,851,512	\$1,870,878
General Fund	1,631,685.51	1,762,691	1,762,381	1,781,732
State Special Revenue Fund	1,609.27	14,982	3,213	3,213
Federal & Other Spec Rev Fund	114,856.59	157,156	85,918	85,933
Total Funding Costs	\$1,748,151.37	\$1,934,829	\$1,851,512	\$1,870,878
Current Level Services	1,748,151.37	1,885,623	1,802,908	1,824,256
Modified Level Services	0.00	49,206	48,604	46,622
Total Service Costs	\$1,748,151.37	\$1,934,829	\$1,851,512	\$1,870,878

Program Description

The staff at Mountain View School has the responsibility to properly diagnose, care for, train, educate, and rehabilitate female youth between the ages of 10 and 21 years who have been committed by the courts. A 45-day evaluation program is provided. Each youth is provided with an individualized education program, as well as diagnostic and treatment services. The facility is provided for in 53-30-202, MCA.

Budget Issues

The FY91 budget request for Mountain View School (MVS) rises about \$123,000 over the FY88 actual expenditures. General fund picks up about \$100,000 of the increased tab. Personal services and contracted services are responsible for most of the growth.

Actual FY89 FTE were 0.50 positions higher than the number authorized by the 1987 Legislature. The program moved funds appropriated for contracted janitorial services into personal services and hired a part-time janitor. The position is transferred to current level in the FY90-91 request. One position was transferred from MVS to the Community Services and 1.00 FTE was transferred to MVS from the Youth Evaluation Program in each year of the 1989 biennium.

The executive deleted from the request 4.80 FTE added by the 1987 Legislature. The FTE were authorized in anticipation of an average daily population (ADP) of 70, but the positions remained vacant throughout FY88 as ADP averaged 50. Although modified budget requests add 2.58 FTE, the executive recommendation is 1.72 FTE lower than FY88 current level.

Current level FY90-91 personal services costs increase about \$93,500 over FY88 actual due to upgrades of security guards, cottage life attendants and social workers (about \$46,700 annually). FY88 personal service expenditures were 5.6% lower than budgeted because the program did not fill the additional 4.80 positions authorized by the 1987 Legislature. About 10% of the cost growth in FY90-91 is due to inflation in food and utility expenses. The executive request continues pay raises granted to institutional teachers by the 1987 Legislature (HB470). MVS received \$12,392 each year of the 1989 biennium for teacher pay increases.

Most operating costs were held at FY88 actual. Contracted services anticipates an expansion of the chaplain contract. A \$7,600 base adjustment was added to offset the effect of the declining supply of USDA commodities. Communications expenses include the cost of on-line access to SBAS on the main frame computer. The purchase of a van to replace one with over 100,000 miles is included in FY91.

The program has several sources of funding. Periodically the school receives donations. These monies are used to buy personal or special items for the girls. The amount budgeted is the average of the previous 10 years.

Federal boarder revenue is received for students admitted from Indian reservations or those admitted for federal crimes. The federal entity pays MVS a daily fee to cover room and board as education costs are a state responsibility. Federal boarder revenue has fluctuated over the years. Most federal boarders are admitted for 45 day evaluations, however some have had stays of up to three years. MVS had one boarder all FY88, causing revenue to be \$36,400 compared

to budgeted collections of \$10,000. The program offset \$7,014 in general fund using increased boarder fees. FY90-91 federal boarder income is budgeted at \$15,000 each year.

School foods funds are reimbursed to MVS on a per meal basis. In FY88, breakfast was reimbursed at \$.9475 per meal and each lunch was reimbursed at \$1.4825. The amount budgeted for school foods revenue is \$40,103 each year.

Canteen funds are a revolving account for the operation of a stand where items such as candy and gum are sold. General fund covers the balance of costs not paid by federal or other revenue.

Table 9 shows historical and estimated data for MVS. The ADP is projected to remain constant through the 1991 bien-nium at 53.3. The FY90-91 estimated total cost per resident per day rises from \$4 to \$7 above the FY88 actual cost.

Mountain View School Table 9
Average Daily Population, Staff and Cost per Resident per Day
FY82 to FY91

Population/Cost	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89	FY90 Request	FY91 Request
Average Daily Population	33.97	35.79	38.68	48.20	55.64	60.12	53.30	53.30	53.30	53.30
Total Staff Authorized	68.00	67.71	68.19	70.10	66.88	60.14	67.49	67.99	65.77	65.77
Variable Cost/Res. per Day	\$9.06	\$9.74	\$7.23	\$8.11	\$6.78	\$5.65	\$5.71			
Fixed Cost/Res. per Day	\$107.90	\$112.09	\$101.44	\$89.78	\$78.18	\$69.42	\$84.07			
Total Cost/Res. per Day	\$116.96	\$121.83	\$108.67	\$94.90	\$84.97	\$75.07	\$89.78	\$96.77	\$93.77	\$96.17
Average Stay (Months)	8.70	9.10	10.40	9.90	9.70	9.80	10.40			

Modification Request

Direct Care Staff - MVS recently filled two of the 4.80 FTE added by the 1987 Legislature in anticipation of an ADP of 70. The department expanded coverage in the Maple Cottage to ensure staff safety as two cottage life attendants had been injured during break outs from Maple Cottage. The cost is 100% general fund and totals \$34,682 in FY90 and \$34,700 in FY91.

Athletic Competition - This modification would allow MVS girls to participate in interscholastic competition as do boys at Pine Hills School. General fund covers the \$6,000 cost in FY90 and \$4,000 in FY91.

Substitution Teachers - MVS is required by an arbitration settlement to pay for substitute teachers when MVS teachers are on leave. The cost is \$8,048 each year and is entirely state funded. This modified also adds 0.58 FTE each year.

PINE HILLS Budget Detail Summary

	Actual FY 1988	Budgeted FY 1989	Recommendation FY 1990	FY 1991
Full Time Equivalent Employees	119.50	118.77	118.77	118.77
Personal Services	2,781,949.50	2,787,777	2,866,245	2,877,736
Operating Expenses	636,033.12	678,243	656,856	663,732
Equipment	18,247.07	2,000	3,315	10,215
Total Program Costs	\$3,436,229.69	\$3,468,020	\$3,526,416	\$3,551,683
General Fund	2,854,535.85	2,883,038	2,941,817	2,960,623
State Special Revenue Fund	47,983.82	59,260	51,221	51,246
Federal & Other Spec Rev Fund	533,710.02	525,722	533,378	539,814
Total Funding Costs	\$3,436,229.69	\$3,468,020	\$3,526,416	\$3,551,683
Current Level Services	3,425,056.77	3,468,020	3,526,416	3,551,683
Modified Level Services	11,172.92	0	0	0
Total Service Costs	\$3,436,229.69	\$3,468,020	\$3,526,416	\$3,551,683

Program Description

The staff at Pine Hills School provides residential services for male youth between the ages of 10 and 21 years who

have demonstrated a need for intensive correctional attention. The institution's programs address statutory demands to properly diagnose, care for, train, educate, and rehabili-

tate children in need of these services. The staff also provides 45-day evaluation for boys referred by the youth courts. The primary mission of the school is to address these needs in the most effective and expeditious manner in an effort to return the student to a non-institutional environment. The facility is provided for in 53-30-202, MCA.

Budget Issues

The budget request for the Pine Hills School is about 3% higher than FY88 expenditures. The cost of classification upgrades and inflation and base adjustments in food expenses are the major factors causing costs to rise.

This program request includes \$90,751 in FY90 and \$90,788 in FY91 to fund the classification upgrades for cottage life attendants, security guards and social workers. The current level request also continues the pay raise granted to institutional teachers by the 1987 Legislature (HB870). In FY88, PHS received \$22,204 each year of the biennium to allocate to teachers pay increases.

Most operating expenses were held at FY88 actual. Contracted services increase to fund automatic management of

heating and cooling systems at PHS. The contract cost is more than offset by a base reduction to utilities costs. Inflation in food supplies adds about \$13,000 in FY90 and \$20,000 in FY91 to total costs. Adjustments of \$4,396 were added to cover the expected decline in USDA commodities. Communications costs increase a little more than \$38,000 to pay for on-line computer access to SBAS.

Equipment requested includes a car in FY91 to replace a high mileage 1979 car in poor condition and purchase of a high-band radio to enable PHS personnel to communicate with law enforcement officials. Replacement televisions, clothes washers and dryers are also included. In FY88 the program used the \$2,000 equipment appropriation and other authority to replace an unsafe vehicle.

The program budget request reflects an expected ADP of 130. Table 10 shows the historic, current and projected ADP and selected cost data for Pine Hills School. Total FTE remain constant from FY87. The average length of stay was shorter in FY88 than in the previous six years. Although FY88 cost per resident was higher than similar costs in FY87, FY88 costs were generally lower than such costs in FY82 to FY86.

Pine Hills School Table 10
Average Daily Population, Staff and Cost per Resident per Day
FY82 to FY91

Population/Cost	FY82	FY83	FY84	FY85	FY86	FY87	FY88	FY89	FY90 Request	FY91 Request
Average Daily Population	91.47	99.31	87.94	98.53	119.99	131.60	129.03	130.00	130.00	130.00
Total Staff Authorized	124.87	119.34	113.75	113.75	116.97	118.77	118.77	118.77	118.77	118.77
Variable Cost/Res. per Day	\$7.51	\$6.73	\$7.99	\$7.29	\$5.56	\$5.06	\$5.70			
Fixed Cost/Res. per Day	\$74.03	\$75.22	\$86.11	\$80.36	\$67.25	\$62.89	\$66.66			
Total Cost/Res. per Day	\$81.54	\$81.95	\$94.10	\$87.65	\$72.81	\$67.95	\$72.36	\$73.05	\$74.31	\$74.85
Average Stay (Months)	8.7	8.7	9.0	8.8	8.8	8.0	7.2			

PHS has several revenue sources. General fund covers the balance of costs not funded by state special and federal revenues.

State special funds include alcohol treatment, canteen and donated funds. Alcohol funds collected by the Department of Institutions pay the cost of an alcoholism rehabilitation counselor—about \$30,000 each year of the biennium. Canteen revenues are a revolving fund for operation of a concession stand. These funds make up \$20,000 in each fiscal year. Donations pay for personal or special items for PHS students. The amount budgeted for donations is the 10-year average of such collections at \$1,639 each year.

Federal and other revenue includes four sources of revenue. Federal boarder reimbursement pays room and board costs for tribal residents or boys who have committed a federal crime. Federal boarder reimbursement is budgeted at FY88

actual collections of \$68,000. School foods funds reimburse PHS for each breakfast and lunch served. The amount budgeted for school foods is \$110,868 each year. PHS receives Education Consolidation and Improvement Act (EICA) funds and the amount budgeted for those funds is \$88,510 in FY90 and \$88,946 in FY91.

PHS funding includes interest and income from land managed by the Department of State Lands. The school received the federal land grant for a state industrial school. Table 11 shows historic receipts in the interest and income (I&I) account compared to the amount appropriated. In FY82 and FY83 budgeted revenue exceeded actual income. Budgeted I&I income is estimated to be \$266,000 in FY90 and \$272,000 in FY91. Oil prices are expected to fall over the coming biennium offsetting gains in other I&I sources of revenue.

Pine Hills School Table 11
Interest and Income from School Lands
FY82 to FY88

Income	FY82	FY83	FY84	FY85	FY86	FY87	FY88
Grazing Rentals	\$51,547	\$45,900	\$46,833	\$36,632	\$35,799	\$36,953	\$42,310
Agriculture Rentals	17,100	11,117	17,561	16,032	22,190	22,422	27,431
Oil and Gas Leases	111,839	85,922	80,154	80,830	68,261	38,609	31,029
Non-Drilling Penalties	18,928	22,116	26,403	64,386	74,557	45,305	30,068
Talc Lease	236	236	242	726	242	242	0
Gold Lease	0	0	0	0	113	80	80
Miscellaneous Forestry Dividend Leases	177	127	933	468	468	468	636
Cabin Site Leases	4,392	3,203	4,110	3,750	3,750	3,645	4,664
Seismic Exploration	271	1,337	1,478	2,225	75	0	0
Oil and Gas Bonuses	0	0	12,670	70	25,940	3,301	0
Land Contract Interest	396	381	370	361	57	619	307
Interest Earnings	88,599	102,084	120,704	135,264	154,079	146,702	121,868
Less Resource Development						(3,791)	(1,344)
Total Income	\$293,485	\$272,423	\$311,458	\$340,744	\$385,531	\$294,555	\$257,049
Appropriated Level	\$300,000	\$300,000	\$275,000	\$275,000	\$275,000	\$275,000	\$300,000
Income Over/(Under) Appropriated Level	(\$6,515)	(\$27,577)	\$36,458	\$65,744	\$110,531	\$19,555	(\$42,951)

Notes: Revenue collections provided by Department of State Lands. FY90-91 OBPP estimated revenue is \$266,000 in FY90 and \$272,000 in FY91.

500 copies of this public document were published at an estimated cost of \$23.00 per copy, for a total cost of \$11 500.00, which includes \$11 500.00 for printing and \$0.00 for distribution.

